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NEWS SUMMARY

GENERAL

'Fourth man' spy probe demand

Labour MPs demanded a full and urgent Commons inquiry into the 15-year-old cover-up of Professor Anthony Blunt, the Soviet spy and "fourth man" in the Burgess-Maclean-Philby affair.

Mr. George Thomas, the Speaker, said he would give "very serious consideration on Monday" to an emergency debate.

As the storm of protest broke over the immunity given to Blunt, one of the MPs' main demands was for Government clarification of the Queen's role in the case of her former art adviser. Back Page: Feature, Page 25

Ceasefire hopes

Foreign Secretary Lord Carrington intends to complete negotiations on a ceasefire in Rhodesia's seven-year-old guerrilla war next week, allowing the ceasefire to come into force in the first week of December. Back and Page 2

Film men cleared

Members of the Panorama film crew involved in the incident in Carrickmore, Ulster, have been cleared by BBC governors of collusion with the IRA.

Hint to Barre

President Giscard D'Estaing has implied in a letter to Raymond Barre that he can continue as French Premier for at least another six months in spite of rumours that the President wants to replace him. Page 2

Coup plot foiled

Seychelles President Albert Rene said he had foiled a plot to overthrow him involving foreign businessmen and mercenaries. More than 25 people had been arrested and a dusk-to-dawn curfew was imposed.

Lawyer held

Swiss lawyer Pier Francesco Campana was arrested at Milan Airport on charges of handling ransom money from two recent kidnaps. He was also sought in connection with the fraudulent handling of money for victims of the 1963 Vajont Dam disaster.

Actor burnt

Actor Anthony Booth was badly burnt in a fire at his north London flat. He was taken to hospital where his condition was described as "very serious."

Nuclear protest

About 3,000 people staged a torchlight demonstration in Amsterdam against NATO plans to instal new nuclear missiles in the Netherlands and other West European countries.

Basque killing

Two Spanish gunmen shot dead a 33-year-old man in the Basque town of Mondragon. In another shooting in Bilbao, officers escaped injury when gunmen opened fire on a police control point.

Briefly . . .

British climber Peter Boardman and two team members have scaled for the first time the 22,782 ft south summit of Guarishanker in the Nepal Himalayas.

Two trains collided near Dublin injuring 30 passengers.

Carl Bernstein, one of the reporters who uncovered the Watergate scandal, has been named Washington bureau chief of ABC News.

West German motor industry heiress Maria-Christina von Opel has been jailed for 10 years for drug trafficking.

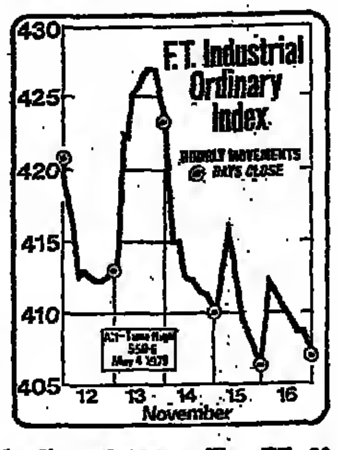
South African Censorship Board banned a record of excerpts from the rock opera, Jesus Christ Superstar.

BUSINESS

$ slips in thin trading; gold firm

● GILTS dominated markets, rising as it was learned that the new long Treasury stock was over-subscribed, when trade was halted. Gains covered long and short issues and the FT Government Securities Index rose 1.18 to 64.49.

● EQUITIES were little changed, despite interest in leading shares. The FT 30-share index rose 0.7 to 407.0.



● STERLING rose again on the MLR increase, gaining 1.55 cents to $2.1590 ($2.1435). Its trade-weighted index rose to 69.4 (68.9).

● DOLLAR was unsettled in thin trading falling to DM 1.7770 (DM 1.7830) and SwFr 1.6460 (SwFr 1.6560). Its index fell to 86.9 (87.2).

● GOLD rose $6½ an ounce to $390½ in London.

● WALL STREET was 1.45 lower at 819.88 shortly before the close.

● U.S. MONEY SUPPLY: M1 $379.2bn ($376.2bn); M2 $942.2bn ($937.8bn).

● GROSS DOMESTIC PRODUCT, excluding North Sea oil and gas, is stagnant and economic output fell sharply between the second and third quarters, largely as a result of the engineering dispute. Page 4

● TIGHTER CURBS on loans and credit to company directors have been announced by the Government. Page 3

● SWISS COMPANY has purchased offshore drilling rig from BNOC and Scottish Office for a sum thought to be over £15m. Page 4

● ITALSIDER'S Bagnoli steelworks near Naples may receive from the EEC 30 per cent of the £224m needed for plant restructuring. Page 29

LABOUR

● BBC TELEVISION programmes may be disrupted by a dispute involving the Association of Broadcasting Staff. Page 4

● FORD MOTOR pay negotiations, often seen as setting the pace of private sector wage deals, will continue next week after rejection of union claims for a £30 a week rise. Back Page

○ GOVERNMENT proposals for reforming industrial relations law have been attacked by the secretary of the Engineering Workers' Union. Page 4

COMPANIES

● SECOND BIDDER is attempting to buy Oil Exploration despite London and Scottish Marine Oils agreed bid worth £76.3m. Page 26

● F. H. LLOYD HOLDINGS first-half profits have fallen sharply to £238,000 (£1.4m) due to redundancy costs, an operating loss and impact of the engineering strike. Page 26

● GROUP LOTUS CAR Companies taxable profits in the first six months of 1979 more than doubled to £839,000 (£347,000) on increased sales. Page 26

● IMPERIAL GROUP, which bid £295m for the U.S. Howard Johnson company in September, estimates pre-tax profits this year will be close to the £131m in the year to October 1978. Page 26 and Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 10pc 1983	£85	+ 1
Excheq. 12pc 13-17	£84¼	+ 2¾
Akroyd Smithers	180	+ 6
Barclays Bank	397	+ 5
Belhaven Brewery	37	+ 3
Billam (J.)	45	+ 3
Davenports Brew.	122	+ 7
GEC	320	+ 7
Gratian Warehouses	112	+ 6
Haslemere Estates	244	+ 6
ICI	329	+ 6
Lloyds and Scottish	105	+ 4
Metal Box	232	+ 6
NatWest Bank	300	+ 8
Royal Insurance	350	+ 8
Stanley (A. G.)	56	+ 6
Stock Conversion	328	+ 8
LASMO	326	+ 12
Ultramar	366	+ 10
Cons. Gold Fields	332	+ 6
Hartebeest	£18½	+ ½

FALLS

Imperial Group	76	− 1½
McCorquodale	83	− 9
Phoenix Timber	119	− 13
Portals	222	− 10
Thorn Elec.	304	− 10
Broken Hill South	177	− 10
Central Pacific	£11¼	− 1½
Gold Mn. Kalgoorlie	129	− 11
Lydenburg Platinum	90	− 5
North Broken Hill	131	− 8
Oilmin	88	− 7
Peko-Wallsend	335	− 23

New £1bn stock sold out ● Gilt prices and sterling up sharply

Government regains initiative in financial markets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT achieved the main immediate objective of its monetary measures yesterday by regaining the initiative in the financial markets.

The new £1bn long-dated gilt-edged stock was sold out immediately, an £800m medium-dated loan was announced and gilt prices and sterling both jumped sharply.

At the same time the Government reaffirmed its intention to hold down the level of public spending with its announcements about limits on nationalised industries' external borrowing and local authority spending in 1980-81.

There is no mention of any sort of pay norm, but the nationalised industries' totals have been announced much earlier than in previous years, so that "the limits would be taken into account in wage bargaining."

The local authority figures are intended to be compatible with pay and price rises of 13 per cent in 1980-81.

Sir Geoffrey Howe, the Chancellor, yesterday specifically related the measures on Thursday, including the three-point rise in the minimum lending rate to 17 per cent, with pay negotiations. He said behaviour of employers and employees "should be, and in the end inevitably must be, conditioned by the Government's commitment to firm control of the money supply."

He also told an Institute of Bankers dinner in Chester last night that the banks and other financial advisers should spell out the practical consequences of national economic policy to their customers.

The City markets welcomed the measures, and the £20 partly-paid 13¾ per cent Treasury 2000-03 stock was quickly sold out in hectic trading conditions.

Dealers reported that as much as £2bn was put up for the £200m available, and the stock rose to a big premium, providing a potential profit on the day of nearly 13¾ per cent.

The authorities' actions are more in do with market management than with immediate funding needs though the two new issues are obviously a big help. There is clearly a desire to prevent medium and long yields falling too far too soon, and thus to avoid arousing premature expectations of a fall in MLR.

The new stock is £800m of 15 per cent Treasury 1985, payable in full with tenders next Thursday. The minimum tender price is £98.50 where the gross redemption yield is 15.44 per cent.

Gilt prices rose further after the issue.

Sterling has also been boosted by the rise in interest rates. After gaining three cents on Thursday the rate climbed a further 1.55 cents yesterday against a weak dollar to $2.1590.

Sterling has strengthened against the main Continental currencies, so the trade-weighted index jumped 0.5 points to 69.4 for a rise of 3.1 per cent in the week. It is now higher than before last month's removal of exchange controls.

The heavy sales of gilt-edged stock, with about £1½bn committed in the last two days, has largely dealt with the immediate public-sector financial pressures, along with the accelerated collection of petroleum revenue tax. The difficulties here were, anyway, largely of timing, especially the serious underestimation by the Bank of required funding in October.

The big problem is the level of bank borrowing to the private sector. After the record jump in advances last month reports from the clearing banks suggest no significant easing of the pressure yet, and the record MLR will take time to work through.

But Mr. John Biffen, the Chief Secretary to the Treasury, held out the hope that a tightening economy in the next 12 months will "have a restraining impact upon demands for bank credit and the problems of monetary

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State board cash limits and Joseph speech, Page 4. Editorial Comment and feature, Page 24. Retail price index up and Lex, Back Page

Mortgage rate of 14% likely on January 1

BY ANDREW TAYLOR

THE MORTGAGE rate last night looked set to rise even further from January 1, to between 14 per cent and 15 per cent—compared with the record 12¼ per cent presently proposed by building societies.

The Building Societies Association yesterday called for an emergency interest rate meeting to be held next Thursday after the clearing banks yesterday decided to raise base lending rates by 3 per cent to a record 17 per cent.

It seems likely that building societies will press for an almost immediate increase in society investment rates to be followed as soon as possible by a further rise in the mortgage rate—with January 1 the most likely date for a mortgage increase.

Most societies believe that an increase in the ordinary share investment rate from 8¾ per cent net to 10½ per cent—equivalent to 15 per cent gross to the basic rate tax payer—is essential. This would mean a mortgage rate of between 14 and 15 per cent.

This would reverse recent building society arguments that it would be technically difficult to raise the mortgage rate from January 1 above the 12¼ per cent proposed last summer.

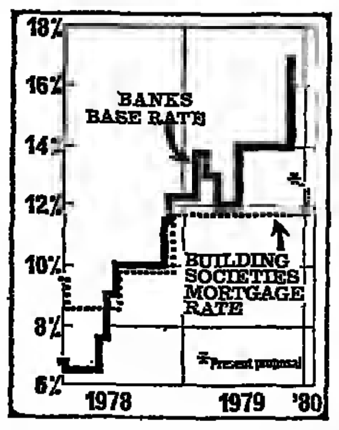
The societies now believe they have to act swiftly if their position in the savings market is not to be undermined.

On top of the higher than expected rise in Minimum Lending Rate to 17 per cent on Thursday, they are concerned about the increase in National Savings Bank Investment account rates to 15 per cent and the rise of £500 to £1,200 in the maximum permitted holding of retirement issue index-linked National Savings Certificates. A new ordinary National Savings Certificate is to be issued in February.

Mr. Leonard Williams, chairman of the BSA and chief general manager of Nationwide Building Society, said: "The measures are much more than we anticipated and will put intense pressure on building societies if we do not act swiftly. This is why the council has called for an emergency meeting rather than wait until December 14 when we had planned to meet."

The societies have made it clear that they would not be able to sustain a rise in investment rates without raising the mortgage rate.

Unlike this summer when societies increased the ordinary share account rate to 8¾ per cent but postponed raising the mortgage rate until January 1.



This move was largely the result of strong Government pressure. It now remains to be seen whether the Government will react to moves to push the mortgage rate even higher.

Societies remain under strong pressure to meet mortgage demand despite an improvement in net receipts—helped recently by tax rebates—over the past two months.

The BSA estimates that societies will lend about £8.879bn to home buyers this year—£150m more than last year. But this will fund around 11 per cent fewer loans because of the continuing sharp increase in house prices over the past 12 months.

Michael Lafferty writes: The rise in clearing bank base lending rates to 17 per cent means that blue chip companies will pay 18 per cent for their funds, while personal customers will bear interest at rates between 20 and 22 per cent on overdrafts.

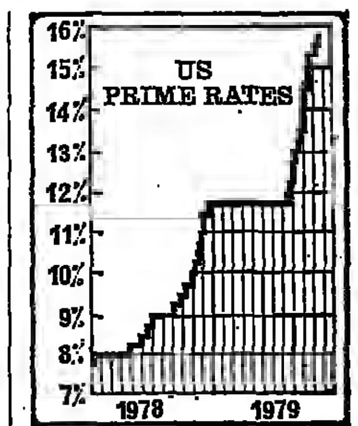
Bank personal loans will also cost more in some cases, while the cost of borrowing from finance houses and on credit cards is also expected to increase in the near future.

The clearers will also be paying record rates of 15 per cent on deposits. The notional allowances for customers with credit balances on current account will also be worth more —though it is available only to the extent of bank charges.

Savings and Investment, Pages 8 and 9

£ in New York

—	Nov. 16	Previous
Spot	$2.1485-1505	$2.1160-1175
1 month	0.55-0.50 dis	0.44-0.34 dis
3 months	1.00-0.95 dis	0.58-0.48 dis
12 months	3.75-3.50 dis	2.50-2.45 dis



Prime rate up to 15¾%

By Stewart Fleming in New York

FURTHER EVIDENCE that the repercussions of the Federal Reserve Board's abrupt tightening of monetary policy on October 6 have still not worked fully through the financial system came yesterday when Citibank, the second largest New York bank moved its prime rate to a record 15¾ per cent.

Within hours, other major banks, including Morgan Guaranty Trust and Manufacturers Hanover Trust announced similar increases. There seems every probability that the move will be industry-wide.

In recent weeks, the banks have been under some political pressure to hold the prime steady because of fears about the impact of high interest rates on the economy.

The latest move occurs, however, when political and national attention is focused heavily on the U.S.-Iranian diplomatic crisis.

The increases came even though short-term interest rates and bank funding costs have retreated somewhat from the peaks hit in the wake of the Fed moves.

Citibank adjusts its prime according to a formula averaging its cost of money over the previous three weeks, and could have raised its rate to 16 per cent a week ago. It held off partly in response to political pressure, analysts suggest.

As yesterday's moves suggest, however, the banks are anxious to offset the rising cost of their own funds through further increases in their lending rates, and clearly do not feel that a prime rate of 15¾ per cent accomplishes this.

In addition, loan demand remains strong.

There is mounting evidence, however, that the sharp rise in short-term interest rates of more than 2 percentage points in the case of the prime since just before the Fed's action in October is having a depressing impact on economic activity.

Local authority cash limit fixed at 13% next year

BY PAUL TAYLOR AND CHRISTIAN TYLER

LOCAL AUTHORITIES were told yesterday that the Government has set a 13 per cent ceiling on the extra cash it will provide to help fund pay and price rises in local government next year. The local authority spending cash limit was announced at the same time as the 1980/81 rate support grant.

The announcement brought an immediate warning from local authority leaders that they were being placed "in the forefront of the battle against inflation." The cash limits could also lead to rate increases of more than 20 per cent next April.

Local authority union leaders condemned the figure of 13 per cent as inadequate, and as evidence of a "back-door" incomes policy for 2.5m workers.

Initial reactions of some council officials suggested that the first pay offer to the 1.1m council manual workers at the end of this month will be less than 13 per cent — and possibly as low as 10 per cent.

The unions have claimed a "substantial increase" for their 1979 award — which will be backdated to November 9. They are thinking in terms of 17 per cent to keep pace with the retail prices index.

They said yesterday that this would be necessary to maintain the value of the comparability awards from the Clegg Commission made to local authority employees.

The only industrial action that unions have contemplated so far is against cuts in staff. There have been no threats of a repetition of last year's militancy over pay.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said the 13 per cent was unrealistic, but he welcomed the fact that the rate support grant was being maintained at 61 per cent —which he said was a response to union pressure.

Mr. David Basnett of the General and Municipal Workers Union said that the 13 per cent

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Courtaulds to close factory

BY MAURICE SAMUELSON

COURTAULDS, the textile group, is to close one of its oldest and biggest factories in the UK with the loss of 2,600 jobs. The cut comes on top of some 5,000 redundancies already announced by Courtaulds this year.

The latest plant to be hit is the Red Scar works at Preston, Lancashire, which makes viscose linings for garments and tyres.

The company blamed its decision, announced yesterday, on "an irreversible change" in the market for the two types of yarns made there — viscose textile and viscose industrial. The plant had lost £5m since 1975. Over the past 18 months losses have been running at an annual rate of £2m.

The news is a major blow to Preston, where Courtaulds is a leading employer.

Carrington Viyella's Bamber Bridge mill recently closed there with the loss of 800 jobs. And last month, it was announced that the town's municipally owned docks, which employ 350, would be closed in 1982.

Mr. Dick Roberts, a convener of the Transport and General Workers Union, said: "The social and economic consequences for Preston will be pretty horrendous."

Courtaulds was one of the last Western man-made fibre producers still making viscose filament yarns, a synthetic fibre it pioneered.

Garment linings provided the main market for viscose textile yarn which used to be known as artificial silk. But nylon and acetate are now taking over. Demand for viscose industrial yarn, used in the linings of tyres, had been hit by the steel-reinforced tyre and growing imports of foreign-made vehicles.

The Preston closure means Courtaulds' complete withdrawal from viscose filament yarn production. It has already stopped producing in France, Canada, the U.S. and Australia.

Courtaulds said last night that the type of yarns made at Preston had been declining in Western Europe, the U.S. and Japan for a long time in terms of volume and market share.

However, there was a "bright future" for viscose staple fibre, the cut lengths of yarn used for spinning. The company was spending £9m at the Greenfield works at Holywell, North Wales. It was also being made at Courtaulds' factories in the UK, Canada, the U.S. and France.

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For latest Share Index phone 01-246 8026

OVERSEAS NEWS

Ban will take time to hit U.S. oil groups

By David Lascelles in New York

THE U.S. OIL industry has taken two body blows because of Iran this week: the ban on imports of Iranian crude to the U.S., and the Khomeini regime's refusal to sell any more oil to U.S. companies no matter where they plan to ship it.

As it turns out, these developments will have little immediate impact—oil stock prices put on strong gains on Wall Street in the past few days—but the shock waves should start making themselves felt at the turn of the year, and not just in the U.S.

The main reason for the delay is the long lead time in oil supplies as tankers make their way across the high seas. The U.S. still has four to six weeks of deliveries on hand and, thanks to its stocks, could easily survive twice that long if necessary.

However, the net effect for the oil industry is that it has lost access to 700,000 barrels of oil a day, about 3.5 per cent of the U.S.'s daily needs. For large companies like Exxon this will not be a major problem.

Exxon's Iranian offtake was about 65,000 barrels a day, less than 1.5 per cent of its daily requirement. But some of the smaller companies could find themselves in serious trouble.

Chief among these are Ashland Oil, Amerada Hess and Charter, which depended on Iran for a quarter or more of their supplies. They will probably be able to make up some of the shortfall on the spot market or by increasing existing contracts, but only to a limited extent.

Their best hope is that the Government will invoke its standby emergency allocation programme to divert crude from oil-rich companies to the oil-starved. These emergency powers have never been used before but they are ready at a moment's notice and could remain in force for three months at a time.

All the U.S. oil companies will, however, be forced to make up at least part of their lost supplies by bidding on the spot markets. This is bound to push prices up in the coming weeks. But the exact extent will depend on how well the industrialised world responds to calls for conservation.

As for the bottom line, the week's events have increased most U.S. oil companies' operating costs, and this is bound to affect profits. But with the oil companies' recent spectacular earnings a source of embarrassment rather than pride, this may not altogether be a bad thing.

Kim will not stand

South Korea's former Prime Minister Mr. Kim Jong Pil, who is considered a leading contender to head his country, yesterday rejected a unanimous draft by his party to become a candidate in next month's balloting for interim President, AP reports from Seoul.

Mr. Kim was a close adviser to the late President Park Chung-hee. He was recently elected leader of the ruling Democratic Republican Party.

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Andrew Whitley and Anthony McDermott sum up the escalating U.S.—Iran conflict.

Like blindfold boxers, they flail and miss

AN UNPRECEDENTED deterioration has taken place in the past fortnight in the strained relations between Tehran and Washington, as Iran's turbulent revolution has continued to unfold.

Like two blindfold boxers in the same ring, they have flailed at each other without making real contact or, apparently without really understanding each other's strategy.

Both sides have chosen to escalate the fight—causing considerable worry to their world audience. On the one hand, Iran has brushed aside diplomatic tradition through the invasion of sovereign territory of the U.S. embassy in Tehran and the taking of hostages. It has thus raised concern about whether the country's religious leaders have acted out of radical principle or paranoia.

At the same time, the U.S., through it pre-emptive and retaliatory measures has shaken the financial world and added to existing anxiety about world oil supplies and prices. At the heart of the crisis remain the 70 hostages, now approaching the second week of captivity, with little prospect of release and with possibility of execution always lurking.

The short-term cause of the crisis was the admission of the Shah to the U.S. on October 22. Two days later it was announced that he was undergoing treatment for cancer and might not survive. Many Iranians not least Ayatollah Khomeini genuinely believed this to be the culmination of a long-standing plot, hatched with the help of such public figures as Dr. Henry Kissinger, the former U.S. Secretary of State, and Mr. David Rockefeller, chairman of Chase Manhatten Bank to remove Iran's arch hate-figure and cause of all the country's modern woes, to the U.S.

The crisis broke in full force on November 4 when Islamic "students" stormed the U.S. embassy in Tehran, meeting, by their own admission, surprisingly little resistance. In the process they took hostage some 70 embassy employees, mainly U.S. diplomats. No one was hurt and in spite of the pressures there have been no reports of maltreatment.

The officially-sanctioned embassy attack directly provoked the long-threatened resignation of the Government of Mr. Mehdi Bazargan, eliminating, at a stroke, the remnants of the old-style, secular administration.

The intractibility of the crisis was emphasised by Ayatollah Khomeini's personal endorsement of the "student" action. Most of the "students" are believed to be full-time Moslem militants from among the various paramilitary forces at the command of the Tehran clergy.

The last action of Mr. Bazargan's Government was to abrogate unilaterally the cornerstone of Iran's relations with the U.S., a bilateral defence treaty which effectively gave Iran the protection of the U.S. nuclear shield against a Soviet invasion. At the same time, two crucial articles in the 1921 Iran-USSR treaty were declared void.

Meanwhile, the U.S. activated almost any mediators it could to bridge the yawning gap of understanding with Ayatollah Khomeini's regime and the "students" in the embassy. President Carter clearly underestimated the implacability of Khomeini in hoping that a mission headed by Mr. Ramsey Clark, a former Attorney-General, who had met Khomeini in Paris, would be acceptable. Khomeini refused to see him, and after cooling his heels in Istanbul, Mr. Clark returned to the U.S. two days ago.

The U.S. then clutched at straws and eagerly accepted an offer from the Palestine Liberation Organisation, anxious to improve its own standing with the U.S. public, to mediate.

Once again, Khomeini's theological world refused to see the political opportunity for his professed Palestinian allies.

President Carter, Vice-President Mondale and Mr. Cyrus Vance, U.S. Secretary of State, at a service of intercession in Washington for the hostages held in Iran.

As the stalemate continued and tensions grew, the Iranian authorities dropped hints that they were prepared to cut oil supplies to the U.S. Forestalling their action, by a few hours, Mr. Carter halted all oil imports from Iran.

He, in turn, had already escalated the confrontation by halting the delivery of military spare parts to the Iranian armed forces which are almost totally dependent on the U.S.

One major problem throughout the crisis for the U.S. and others has been that of not knowing with whom negotiations should be conducted.

A classic illustration of the confusion this has caused occurred yesterday when first Mr. Abol Hasan Bani-Sadr, the radical figure in charge of finance and external affairs, was reported in Le Monde as saying that Iran had decided to switch out of the dollar for its oil payments and into a basket of currencies. Within hours the acting Oil Minister, Mr. Ali Akbar Moinfar, said no such decision had yet been made.

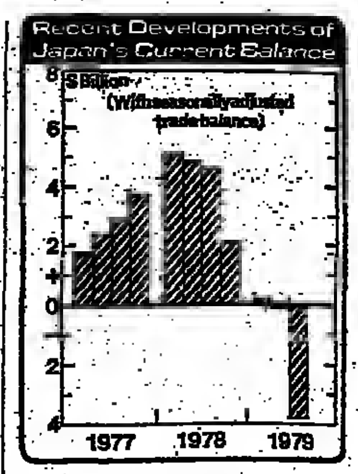
It was Mr. Bani-Sadr who earlier this week announced the dramatic measures of pulling out what he said was Iran's $12bn worth of foreign currency reserves in U.S. bank. Mr. Carter retaliated by freezing all Iranian Government assets in the U.S. and in American banks abroad, estimated by the Administration at some $6bn.

As these tit-for-tat measures escalate it becomes increasingly clear that such measures only worsen the chances of the hostages being freed. Conciliatory gestures have been made by prominent individual Iranians, but have received a dusty answer from the U.S. President Carter has not budged from his refusal to deport the ailing Shah to Iran and the militants holding the embassy and their clerical backers have responded in similar manner.

After two weeks of fruitless confrontation one way out of the impasse is for the U.S. Administration to recognise that only a political gesture comprehensible by Ayatollah Khomeini, who has retreated further into the religious capital of Qom, can hope to save the hostages.

It may be that the U.S. Administration is preparing the way for a compromise. Mexico is known to have cleared the way for the Shah's return to that country by pulling out their entire Tehran diplomatic staff. The Iranians, according to Mr. Bani-Sadr, are no longer demanding his extradition and there have been hints that some of the hostage might be released.

Another element in the overall compromise could be the uncertain legal status of the Shah's huge fortune abroad. Without a compromise all the indications are that the crisis will continue to deepen and broaden internationally.



Japanese deficit of $15bn expected

By Richard C. Hanson in Tokyo

PRIVATE estimates indicate that Japan's deficit in the current account of the balance of payments for the fiscal year could be as high as $15bn, as a result of oil price and trade trends. This is about 50 per cent higher than previous published forecasts.

The estimates, now ranging between $12bn and slightly more than $15bn, assume oil prices will rise about 10 per cent at the meeting of the organisation of Petroleum Exporting Companies in Caracas next month on the heels of an average rise of 6.5 per cent during the present fourth quarter.

This would bring Japan's crude oil import bill up from the $9.9bn estimated for the present October - December quarter to $10.9bn in the first quarter of 1980, a 60 per cent plus increase over the cost a year earlier. The forecasts assume that Japan's imports will continue at a quarterly pace of about 420m barrels.

The cost of oil could be even higher if Japan buys more oil on the spot market, which currently covers about 11 per cent of imports. After the OPEC meeting it is expected that set prices will be slightly under $26 per barrel.

The latest customs clearance trade figures tend to support the more pessimistic private estimates of the deficits to come. The Government has simply declined to make any statements about the prospects.

One forecast, prepared for a securities company predicted the current account deficit in the first quarter of 1980 would amount to $7.5bn, or double the estimate for the fourth quarter this year of $3.75bn. A trading company internal estimate sees the first quarter deficit at closer to $5bn.

The annual rate of increase in non-oil imports is generally expected to decline from 25-30 per cent this quarter to 20-25 per cent next quarter. A slowdown in economic activity in Japan could reduce demand for imparts, but this could be more than made up for if oil prices rise above the somewhat optimistic guesses being used by forecasters.

Government officials believe exports might show a greater increase than is now being forecast as a result of the yen's weakening. Most recent statistics show, however, that while export volume is recovering, value has tended to lag.

Carrington's ceasefire proposals

BY OUR FOREIGN STAFF

LORD CARRINGTON, Britain's Foreign Secretary, yesterday submitted proposals for a ceasefire in Zimbabwe Rhodesia which will be the subject of intensive discussions over the weekend by all parties to the Lancaster House talks.

Stressing the need for a rapid end to the ceasefire negotiations, Lord Carrington told yesterday's plenary meeting: "It is essential that the conference should reach agreement on the ceasefire as soon as possible—I envisage a matter of days."

The success of the ceasefire according to the 10-point British plan, will depend principally on the willingness to make it work of the Salisbury Government and the Patriotic Front. Their commanders will be responsible to a British Governor. All parties will be represented on a ceasefire commission but the Governor will have to rely principally on moral persuasion to make his authority felt. He will have no armed forces of his own.

There will, however, be an independent monitoring force composed of "several hundred" Commonwealth troops who will have the job of policing the ceasefire but will not intervene in a combat role.

The main points of the British proposals are:

- A ceasefire should be implemented as quickly as possible and "need not be more than seven to 10 days.
- Both sides will be given full access to facilities to get the ceasefire message to their troops.
- Movement of all forces will cease and military operations will be limited to self defence.
- Commanders of the forces involved will be responsible to the British Governor, who will be aided by a military advisor and a team of British military liaison officers.
- A joint ceasefire commission will assess and supervise the observance of the ceasefire.
- Only unarmed people will be allowed into Rhodesia between the day of the ceasefire and election day.
- Zambia, Botswana and Mozambique will be asked to co-operate with the ban on cross-border military activities.
- A ceasefire monitoring group will be established under the authority of the Governor to observe the ceasefire.
- The forces of the Patriotic Front and the Zimbabwe Rhodesian security forces will be kept geographically separated, otherwise "it would not be possible to deploy the monitoring group."

The major areas of difference, during the ceasefire negotiations are likely to include: The time taken to establish the ceasefire; against Britain's 7-10 days, with which the Salisbury government agrees, is ranged the Patriotic Front's two-month estimate. The question is critical since Britain is determined to set a date for the entry into force of the ceasefire. The Governor's authority over Rhodesia is likely to be established on or about the same day, which in turn will determine the date of the election and of ultimate independence.

The question of movement: while the 10-point British plan does not spell this out, Britain wants the Front forces concentrated into assembly points. Their location, size and status is likely to be disputed by the Front, as will an apparent decision to house and feed but not pay the guerrilla forces.

Quentin Peel writes from Johannesburg: Mr. P. W. Botha, South Africa's Prime Minister, has issued what he described as "a friendly warning" to Britain over Rhodesia. He said Pretoria would watch every turn of events in Rhodesia "most carefully." His Government would not tolerate conditions in that country being prescribed through the barrel of a gun.

Pretoria has made no secret of its total opposition to the Front, although perhaps less than total to Mr. Nkomo alone.

Outcry likely to follow S. Africa treason trial

BY QUENTIN PEEL IN JOHANNESBURG

THE DEATH sentence passed on a black nationalist guerrilla for treason is likely to cause a renewed worldwide outcry against political and security trials in South Africa.

Accused of receiving military training outside South Africa and returning with the aim of overthrowing the Government by force 12 men were found guilty this week in Pietermaritzburg and were given jail sentences totalling 184 years. The death sentence was passed on 24-year-old James Daniel Mange.

The total sentences are the harshest to date in the spate of security trials which has followed the Soweto riots of June, 1976.

The trial of the 12 all said to be members of the banned African National Congress has also been the most sensational yet in its revelations of organised infiltration of South Africa.

According to the evidence James Mange was the leader of a group of four ANC guerrillas whose plan was to attack the police station at Whittlesea, near Queenstown.

The 12 dismissed their defence early in the trial, when the judge, Mr. Justice F. Hefer, agreed the trial should be held in camera to protect State witnesses.

Asked if he had anything to say in mitigation, Mange replied: "Yours is not to ask, but to do."

The strong ideological commitment of the 12 was reflected in their concerted refusal to recognise the court.

Bolivian coup bid nears end

By Hugh O'Shaughnessy

THE SANDS were running out yesterday for Colonel Alberto Natusch, the officer who seized power in Bolivia on November 1.

Confirmation of reports that fellow officers had ordered him to quit was expected as soon as last-minute negotiations between civilian politicians, trade unions and the army yielded the name of his successor.

The army was reported to be holding out against any restoration of Dr. Walter Guevara Arze, the provisional President whom Col. Natusch ousted at the beginning of the month.

The death toll in fighting between forces supporting Col. Natusch and opponents of his attempted coup is now put at about 200.

The right-wing officer, who has a reputation for high living, appears to have been prompted to revolt principally by a long-cherished ambition to become President and by disgruntlement with his failure to be promoted.

Initial stiff opposition to his putsch by civilian politicians, some generals and colonels, the Church and by trade union groups virtually ensured the failure of his bid for power.

This week his difficulties were compounded by a financial crisis born of the unwillingness of Venezuela and the U.S. to continue lending his regime money at a time when Bolivia needed several hundred million dollars to meet its international commitments.

Tough Malta budget

By Our Own Correspondent

THE MALTESE Government has imposed sweeping new taxes in its budget for the coming year.

Petrol now costs M£1 (75p) a gallon, a rise of 43 per cent, and taxes are being levied on bread, milk, electricity, gas, telephones, postal services, diesel, cigarettes, wines and spirits and TV licences.

Spending cuts to be put before Israeli Cabinet

BY L. DANIEL IN TEL AVIV

A TOUGH package designed to halt Israel's runaway inflation is to be put to a special Cabinet session, probably in the middle of next week, by Mr. Yigal Hurwitz, the Finance Minister.

He appears likely to ask for a cutback of at least 5 per cent in real terms in Government spending, an increase in the cost of imports, cuts in Civil Service personnel and for a tax on tickets for travel abroad to be reimposed.

Israel's consumer price index rose 78 per cent in the first 10 months of this year and Hurwitz is bent on pruning a supplementary budget, prepared by his predecessor, which would have doubled the total of the original 1979-80 budget.

This means probable cuts in defence, education and social welfare expenditure as well as only part compensation to Ministeries and services for recent price rises.

Last month the consumer index rose 7.8 per cent and now stands at 440 (1976=100), partly due to higher prices fixed in expectation of continuing inflation and consumer demand based on the same expectation.

Borrowing is high, with the commercial banks' liquidity deficit now I£6bn (over £92m).

Yet the stock exchange has been in the doldrums this week with buyers reluctant to acquire shares. Many potential buyers seem to have put their money into foreign currency earlier this month.

Congress again refuses to pass hospital law

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

CONGRESS has once again frustrated President Carter's attempt to impose a Federal lid on soaring hospital costs.

Mr. Jody Powell, the President's Press Secretary, described Mr. Carter's reaction to the defeat as "unprintable." The White House immediately blamed the powerful medical lobby for engineering the setback.

The Hospital Cost Containment Bill has been mentioned regularly by the President as an integral part of his anti-inflation programme. It would have authorised stand-by Federal controls over hospital costs if they continued to escalate beyond a given level.

The Administration knew this week that the measure had no chance of passage. But it insisted on a Congressional vote, which meant that Congress and the medical lobby could be blamed for the state of inflation in medicine rather than the President.

The arguments used against the President's proposals were familiar. But greater emphasis was placed on the increased powers the Bill would confer on the federal bureaucracy. Few politicians in the run-up to next year's elections consider it profitable to be seen as a friend of intrusive government.

French Prime Minister boosted by Giscard letter

BY TERRY DODSWORTH IN PARIS

THE POSITION of M. Raymond Barre, the French Prime Minister, has been considerably strengthened by a letter from President Giscard d'Estaing which implies that he can continue to hold his present position for at least another six months.

The President outlined the main lines of action he foresees for the Government during the next six months, which suggests he wants M. Barre at the helm to pilot the measures through.

M. Barre has received a further boost from two public opinion polls which show he has made a spectacular recovery in general popularity. In one, 41 per cent of those questioned said they were satisfied with his record against 28 per cent a month before.

The developments bring a new measure of stability to the current regime in France after the shock produced by the suicide of M. Robert Boulin, the Labour Minister, in the wake of a property scandal.

For the time being the Government appears to have ridden out the Boulin affair while M. Barre seems, paradoxically, to have won sympathy by his spell in a hospital bed.

The Prime Minister's most immediate problem is to get the 1980 Budget through Parliament.

Meanwhile oil imports last month brought France's trade deficit for the year close to FFr 10bn ($2.4bn) compared with a surplus of FFr 2.3bn in the same period last year. Since the beginning of the year, the price of France's oil imports has risen by 54 per cent, according to the French Trade Ministry.

Some of the growth in the oil bill has been due to stocking up on reserves and recent figures show that oil imports rose more than 12 per cent in the first nine months of the year.

Two strong points of the French performance in October, when the deficit amounted to FFr 2.8bn, were the motor industry and the agriculture and food products sector.

Motor industry exports, including both cars and components, have risen by 15 per cent in the first nine months of the year to FFr 2.8bn, while agriculture has produced a positive balance of FFr 373m in the same period.

UK NEWS

Clampdown on loans to company directors

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TIGHTER MEASURES to restrict loans and credit which companies grant to their directors were announced last night by the Department of Trade. They will be incorporated in the Companies Bill which is going through the Commons.

Companies will be criminally liable if they give "quasi loans" such as credit card facilities to directors. There is also a new provision limiting the right of directors to grant themselves long-service contracts in order to ensure they get big "golden handshakes" in the event of a take-over of their company.

Another clause will require directors to have regard for the interests of their employees as well as the interests of shareholders.

The measures were originally foreshadowed by Mr. Cecil Parkinson, Minister of State for Trade, during the second reading of the Bill in the Commons last month.

The new clauses will be introduced during the committee stage which started last week.

Loans to directors are prohibited by the 1948 Companies Act subject to exceptions for moneylending companies. But the Government is to act because the law did not prevent serious abuses by directors of secondary banks. The inspectors' report on Peachey Property Corporation highlighted the situation.

Under the new arrangements it will be a criminal offence for public companies to lend to their directors with limited exceptions. The law will also apply to directors who wilfully authorise loans in breach of these provisions to themselves or fellow directors. In addition, directors will be barred from authorising such facilities to persons with whom they are connected, such as relatives or associates.

Money lending companies will be able to lend on ordinary commercial terms up to a limit of £50,000 for each director.

They will be able to loan under a company house purchase scheme up to a limit of £50,000. Recognised banks will be given a special exemption.

Under the "golden handshake" clause, arrangements for employment contracts granting compensation for long service will have to be approved by a meeting of shareholders if they extend for more than five years. The transfer of property worth £50,000 or more between directors and their companies will have to be sanctioned by a general meeting of shareholders.

The requirement that directors should have regard to the interests of their employees will be enforceable only by the company itself—a proposal that will be criticised by Labour MPs. But the Government maintains this is a long-overdue amendment to company law.

Taxicab campaign dismays the world

By Lisa Wood

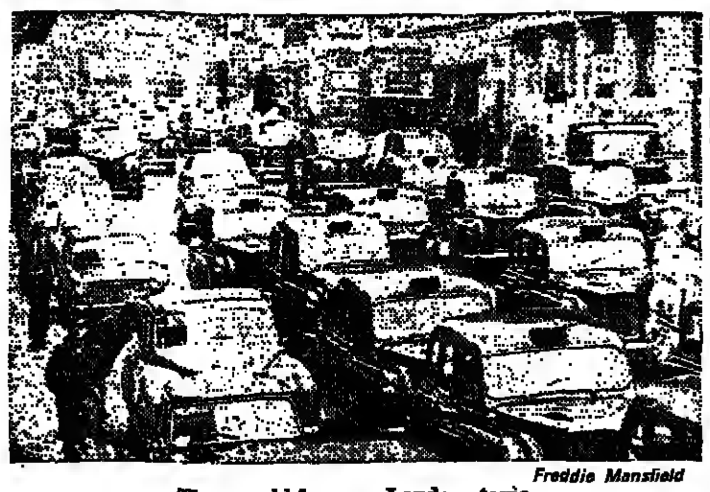
A CAMPAIGN by London taxi drivers to replace their familiar black cabs with sleek saloon cars, possibly from abroad, has caused "worldwide consternation."

The Licensed Taxi Drivers' Association poured derision on the "large box on wheels" which is also used in several other cities outside the capital.

In its official journal, Taxi, the association said that nowhere else in the world wanted the "outdated black monster." It asked members to suggest a new model and itself put forward for consideration saloons made by Mercedes - Benz, Peugeot, Citroen, Ford, Volvo and Fiat.

Mr. Harry Feigen, general secretary of the association said yesterday that the article had caused a worldwide furore. People from as far away as Australia had said they were most upset by the possible demise of the traditional taxi, which one correspondent called "a showpiece" of the world.

Mr. Feigen said taxi drivers had been worried that the present taxi, the FX4, might not comply with EEC requirements in the early 1980s. This bad spurred them to find a replacement.



Freddie Mansfield

The world-famous London taxis.

"Nobody knows whether Car Bodies, which produces the existing custom-built vehicle, will produce a redesigned vehicle."

The association had asked other manufacturers whether they would design one. "Some drivers are saying it is time they had more comfort at work. Lots of them are deaf because of the noise from the diesel engine."

Regulations on the design and operation of the London taxi differ from those in the rest of the UK. The London taxi is supervised by the Public Carriage Office and governed by Parliament. This arose from the specific need to protect Londoners about 250 years ago when hackney carriages were operated by criminals.

In the rest of the UK local authorities determine what sort of vehicles are used. While some large cities, such as Glasgow and Manchester, stipulate the use of the black cab, smaller towns allow ordinary saloon vehicles.

The custom-build cab, is the only vehicle allowed to ply for hire on the streets of London. It is manufactnred by a consortium. BL produces components, Car Bodies (a subsidiary of the Manganese Bronze Group) manufacture the bodies and assembles the vehicles, and they are retailed by Mann Overton.

Mr. Grant Lockheart, managing director of Car Bodies, said: "The scare about the current model not being saleable in the 1980s is not well founded. We could not sell the existing FX4 then, but we are updating and varying the design to comply with EEC regulations."

He agreed that drivers' criticisms of the FX4, which costs about £5,900, could be justified, but added that a new vehicle would be quieter and have better suspension.

The problem facing Car Bodies in developing a new cab is that production volume is low—about 60 a week, and a large investment is needed.

A prototype for a new cab — the FX5—is still under wraps. It development depends on costs.

But Mr. Lockheart predicted that there would be no major swing towards a foreign produced taxi. "We produce a vehicle which no other manufacturer will."

Euro-MPs act on apple dumping

URGENT ACTION to stop thousands of tons of French Golden Delicious apples being dumped on the British market was announced by Conservative Euro-MPs in Strasbourg yesterday.

A committee has been formed to investigate allegations that illegal subsidies by the French Government enable Golden Delicious to be sold in Britain at less than the cost of production and transport.

The committee will begin meetings in London shortly to take evidence from the National Farmers' Union and apple growers about the controversy.

Mr. Christopher Jackson (Kent East) has already obtained an undertaking from Mr. Finn Gundelach, the Agricultural Commissioner, that if evidence of illegal subsidies is presented, the Commission will take swift action to prevent distortion of the market.

The other members of the committee are: Mr. David Curry (Essex North East), Mr. Brian Hord (London West), Mr. William Newton-Dunn (Lincolnshire), Mr. Ben Patterson (Kent West), Mr. Madron Seligman (Sussex West), Mr. John Taylor (Northern Ireland), Mr. Amedee Turner (Suffolk) and Sir Fred Warner (Somerset).

Animal protection Bill 'will stop research'

BY CHRISTOPHER PARKES

A COMMONS Bill to protect animals used in scientific experiments would prohibit basic research in the UK, the Chemical Industries' Association said yesterday.

It would prevent new discoveries, stop testing of agricultural chemicals and pesticides, consumer products and substances used at work, the association said.

In a letter to the Bill's sponsor, Mr. Peter Fry MP (C., Wellingborough), the association said it found much of the Bill "ambiguous and of concern."

The Protection of Animals (Scientific Purposes) Bill received its second reading without a vote in the Commons yesterday. Mr. Fry said the law bad not been changed since the Cruelty to Animals Act of 1876, and MPs should feel ashamed that nothing had been done.

The Chemical Industries Association, which represents 90 per cent of the British chemical industry, said research into agrochemicals and pesticides would be stopped when the World Health Association was calling for more research.

Almost two-thirds of all research involving laboratory animals is done by the chemical and pharmaceutical industries.

Earlier yesterday, MPs were handed a petition of more than 1m signatures protesting about animal experiments.

Public 'should know about nuclear plans'

BY JAMES McDONALD

NUCLEAR POWER could develop and expand only if public confidence was maintained, and that could happen only if as much information as was consistent with commercial confidentiality was made available, Mr. Norman Lamont, Parliamentary Under-Secretary for Energy, said in Edinburgh yesterday.

He agreed with Mr. Anthony Wedgwood Benn, former Energy Secretary, "in his insistence that the development of nuclear power should be accompanied by the widest possible public discussion of the issues," he told the Electrical Power Engineers' Association annual school.

"The public is right to be interested in the safety of nuclear power. And they have a right to information.

Making information available, even about the most insignificant nuclear incidents, could be a time-consuming business. But "like the industries, I am convinced that openness on nuclear matters is in their interests. I believe that the facts are on the side of nuclear power. That is why I am delighted that the industries have made so much information available."

He said the Government was convinced that it would be essential that a full public inquiry be held if a decision was made to go ahead with the fast reactor.

"Britain has the longest established commercial nuclear power programme in the world. The first commercial nuclear power station was opened over 22 years ago. In all that time, the safety record of our nuclear industry has been outstanding."

Corruption charges dismissed

DR. DAN DOCHERTY, former Glasgow councillor, was cleared of corruption charges yesterday after a 10-day trial in the High Court, Edinburgh. The jury found him not guilty of receiving gifts, fees and trips abroad from the late Mr. Marr Jackson, a consultant engineer, to show favour in awarding building contracts.

A charge of receiving £200 as a corrupt inducement to show favour in the appointment of architects for the new Glasgow Sheriff Court was found not proven.

He was found not guilty on a third charge of soliciting a reward to show favour to another architect.

Mr. Jackson, who was due to stand trial with Dr. Docberty, stabbed himself to death in September.

He was Scotland's only commissioner on the Manpower Services Commission and was chairman of the Jobs Creation Scheme in Scotland.

Rose donations

DONATIONS for the Rose Walk in St. James's Park to celebrate the Queen Mother's 80th birthday should be sent to Mr. Roy Miles (treasurer), 6 Dukes Street, St. James's, W.1.

Ulster power-transfer paper out on Tuesday

THE GOVERNMENT document which will form the basis of the proposed four-party talks on devolved power for Ulster is expected to be published on Tuesday.

It will outline a variety of options.

The conference is likely to meet in two or three weeks. Meanwbile the Ulster Unionists and the Demrocratic Unionist Party are pressing the Government for a full-scale Commons debate.

Mr. Humphrey Atkios, Ulster Secretary, bas made it clear that the Government is searching for agreement between the political parties on wbat power to devolve.

The Ulster Uniooist Party has refused to join the couference, sayiug that it is a waste of time. The other major Protestant party, the Democratic Unionists, under the Rev. Ian Paisley, said yesterday that it would attend.

The Alliance Party and the Social Democratic and Labour Party have agreed to attend.

£5.76m total is jewels auction record

By Antony Thorncroft

A MAGNIFICENT emerald and diamond diadem, the property of a ooble family, bas beeu sold hy Sotheby's in Zürich for £770,000. According to tradition the emeralds were ouce part of the Crown Jewels of France. There are 11, with a gross welgbt of 605 carats.

The diadem was the culmination of an extremely successful sale wblcb totalled £5,761,807 net, a record for a jewels auction.

Farmers 'need marketing'

BY JAMES McDONALD

THE NATIONAL Farmers' Union of England and Wales recognised the ueed for marketing in agriculture, and there were many areas where better marketing was urgently needed. Mr. Richard Butler, presideot of the union, said in London last night.

He told a meeting of the under-30s section of the Farmers' Club that the union had re-established its marketing division "with a new form of committee structure which will allow the closest co-operation with the co-operatives.

"We already assist the flow of information between the producer and the market by encouraging the use of clear, well-balanced coutracts. This is done by our contract vetting and certification service," Mr. Butler sald.

"In addition, we provide practical services to co-operatives through our legal department on the drafting of rules, constitutions and agreements."

After the rise in MLR, the public sector squeeze . . .

State board cash limits published

BY ANATOLE KALETSKY

THE GOVERNMENT broke with tradition in publishing cash limits for the nationalised industries yesterday. This accorded with the wishes of the State corporations' chairmen.

Cash limits are normally agreed between the Government and the corporations at the time of the April Budget, when the industries' capital investment plans have "firmed up" and outcome of wage negotiations is fairly clear.

The decision on the cash limits was brought forward specifically so that "the limits would be taken into account in wage bargaining."

There is no mention of pay norms in the Treasury's announcement, and the inflation assumptions built into the calculations are kept secret, even from the corporations' chairmen.

Nothing has been said to confirm the impression in letters from Ministers last month suggesting that wage bills could be allowed to grow in line with inflation.

The aggregate provided for financing the 17 industries in the Treasury's table is £2.63bn, an increase of 15.5 per cent on the 1979-80 limit. British Aerospace is excluded, suggesting that the Bill to return it to the private sector may become law by April. The aggregate figure has some relevance from the point of view of public spending control, but for each individual corporation, a comparison between limits for this year and next year is largely meaningless.

This is because cash limits apply to an industry's external financing requirement, the difference between its capital spending plans and its ability to generate internal resources from revenues and depreciation provisions.

Each industry's cash limit therefore depends on assumptions about capital spending, profitability and pricing policy, as well as on the likely level of wage settlements.

It is unlikely that even the corporations' finance directors will be able to unravel the Treasury's assumptions to determine how much money is "available" for wages.

The ambiguities are entirely consistent with the Government's determination not to impose wage norms on the private or the public sector.

It has limited each corporation's access to external funds and left it to management to determine whether the money is spent on wages, current expenditure or investment. The hope is that market forces will restrain price increases so that managements can confront their unions with a stark choice between higher wages and essential investment in their industries.

In the National Coal Board's pay negotiations this is precisely the sort of alternative that the miners have faced.

Mr. Joe Gormley, at least, seems convinced that there is no scope for big increases in the price of coal.

Both Coal Board and union are committed to maintaining the board's £800m-a-year investment programme.

Not all nationalised industries operate in competitive markets. In the case of the Post Office, British Gas and the electricity industry, cash limits can ensure only that the bill for pay increases is handed onto the consumer rather than to the Government.

It is perhaps significant that cash limits for these industries do not appear particularly tight.

For electricity and the Post Office the cash limits permit a substantial increase in borrowing next year.

Long-term capital spending plans published under the last Government suggested no increase in real capital spending next year by these industries.

In the case of British Gas the contribution to the Exchequer, which is likely to be £449m in the current year, is planned to fall slightly next year, despite Government commitment to a big rise in gas prices.

NATIONALISED INDUSTRIES' EXTERNAL FINANCING LIMITS

	1980-81 £m	1979-80 £m
National Coal Board	834	709
Electricity Council and Boards	187	−68
North of Scotland Hydroelectric Board	59	52
South of Scotland Electricity Board	73	47
British Gas Corporation	−400	−449
British National Oil Corporation	101	115
British Steel Corporation	450	700
Post Office	65	−110
British Airways Board	230	172
British Airports Anthority	20	0
British Railways Board	750	715
British Transport Docks Board	−10	−7
British Waterways Board	30	26
National Freight Corporation	24	28
National Bus Company	85	82
Scottish Transport Group	9	13
British Shipbuilders	120	250
Total	2,627	2,275

Output down in third quarter

BY DAVID MARSH

ECONOMIC OUTPUT fell sharply from the second to the third quarter, largely because of a drop in industrial production as a result of the engineering dispute.

Gross domestic product, based on output data, fell by 2 per cent on a seasonally adjusted basis, to about the same level as the third quarter last year, according to preliminary figures issued yesterday by the Central Statistical Office.

The GDP index (1975=100) dipped to 108.9 at constant prices, against an upward revised 111.2 in the second quarter.

GROSS DOMESTIC PRODUCT
(At constant prices, 1975=100*)

1974		101.9
1975		100.0
1976		102.2
1977		104.8
1978		107.8
	1st	105.9
	2nd	108.0
	3rd	108.8
	4th	108.7
1979	1st	108.1
	2nd	111.2
	3rd	108.9

* Based on output data and seasonally adjusted.
Source: Central Statistical Office

Industrial production was about 2.5 per cent lower during the quarter, reflecting the disputes in engineering and allied industries.

Output in the distributive and motor trades also fell from second quarter levels which had been boosted by sales in advance of the Value Added Tax rise decided in the June Budget.

The fall in the third quarter followed a GDP gain of 2.9 per cent in the second. This largely reflected a recovery from the abnormally depressed levels of last winter.

This year's average level of GDP compared with 1978 shows an increase of about 1.5 per cent. This was accounted for almost entirely by extra North Sea oil and gas production, which increased by about 50 per cent over the period, equivalent to a rise of about 1 per cent of GDP.

The Central Statistical Office says that, when the third quarter figures are adjusted for special factors distorting output, the underlying level of GDP, excluding North Sea oil and gas activities, appears to have changed little.

Tory plan 'would force unions to break the law'

BY GARETH GRIFFITHS, LABOUR STAFF

THE GOVERNMENT'S proposals for reforming industrial relations law would take the teeth out of the trade union movement and make "criminals out of good people," Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers' Union said yesterday.

Changes in the law confining picketing to the original dispute and to employees' own place of work would take away one of the basic aims of trade unionism of helping fellow workers.

"People help each other in time of trouble and if this legislation goes through, it is going to take one of the main justifications for unions existing at all from some unions," he said.

Sir John told a lunch conference organised by the Working Together campaign there would be very little future for trade unions as at present formed if the reforms went ahead. Trade unionists would be forced to take measures that would be legally actionable.

He said the legal category of "conscientious objector" to allow workers not to belong to trade unions would open the way to a large number of cases where the unions would be taken to the courts. The claimants would have nothing to lose by bringing action against employers and unions under the present proposals.

The Government should instead look closely at the idea of building on the TUC guidelines on picketing issued in February during the lorry drivers' dispute and subsequently published by the Labour government.

"The Government's public announcements on industrial relations and spending cuts had not created a helpful situation for working together in industry, he said. "Workers would be forced to increase their wage demands to compensate for the pressure spending cuts put on their living standards.

"This will put pressure on industry, as people expect industry to cushion some of the worst effects of this Government's decisions." Some of the Government's actions would have a profound effect on industrial relations, he said.

Curbs a necessary correction—Joseph

FINANCIAL TIMES REPORTER

THIS WEEK'S Government measures were described by Sir Keith Joseph, Secretary of State for Industry, yesterday as painful but necessary.

He said at Bradford that they were a necessary correction to ease one of this country's main barriers to progress, the trend of inflation.

Britain had been a pioneer of industry, though other countries bad leapfrogged ahead. But this country bad incomparable resources, inventiveness and character, and it was now its turn to do the leapfrogging.

"The principal ways in which we have fallen behind are ways we can cure. The Government cannot cure them. Only management and the workforce together can do so."

Sir Keith, who was speaking at the Bradford Chamber of Commerce building's 50th anniversary, attacked postmen. He warned that if they were not careful they would destroy the postal service.

If they refused to co-operate with management in an endless search for improved productivity, the postal service would inevitably contract.

He said the recent dramatic change in the performance of the parcel business demonstrated what could be achieved when management and workforce worked together for the benefit of the customer.

Silkin warning on jobless

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE RECORD 17 per cent minimum lending rate will mean higher unemployment and lower social security and unemployment benefits, Mr. John Silkin, Labour Industry spokesman, said in Glasgow yesterday.

There was a limit to bow long the Government could go on increasing interest rates as a way of trying to contain the growth in the money supply, Mr. Silkin said.

A rate of 20 per cent would be out of the question. The only alternative, if the Government wanted to stick to its monetary targets, would be to cut public spending further, reducing the benefits on which poor areas of the country bed to depend.

He was visiting shop stewards at the Singer factory, Clydebank, which will close with the loss of 3,000 jobs.

The basis for industrial growth built up during five years of Labour Government was being destroyed in six months of Tory rule.

"We may have had a winter of discontent last year, but we are now entering four seasons of discontent," said Mr. Silkin.

If Labour bed been in office, it would be pouring money into depressed areas through the National Enterprise Board and the Scottish and Welsh Development Agencies. And it would probably be forced to impose import restrictions.

Heseltine plan for rates penalises overspenders

BY PAUL TAYLOR

CENTRAL GOVERNMENT will take much tighter control from April 1981 of overall local authority expenditure—and the level of rates increase.

In announcing the rate support grant for 1980/81—the system by which the taxpayer subsidises local authority spending—Mr. Michael Heseltine, Environment Secretary, made it clear that the Government could no longer allow councils to flout the Government's economic policy by overspending.

As a result, a block grant system will be introduced in April 1981, based on the "unitary" grant principle. This will replace two of the three elements in the present grant system—the needs and resources element.

The new grant will bridge the gap between an individual local authority's assessed spending need and income based on a centrally-fixed standard level of rates.

Penalties

The Government wanted to introduce the new system for the next financial year but this has not been possible, largely for practical reasons.

So Mr. Heseltine has introduced special "transitional arrangements" that will allow him to penalise individual local authorities which increase rates above a "notional uniform rate," yet to be announced. He will do this by reducing the additional grant paid to cover pay and price inflation.

Mr. Heseltine said he hoped he would not need to use this weapon against the big spenders. However, the arithmetic behind the 1980-81 grant settlement suggests he may be being optimistic.

The Government has told local authority leaders in England and Wales that the £1.426bn it has set aside to cover the effects of pay and price inflation in 1980/81 is "compatible" with year on year pay and price changes of 13 per cent.

This figure is likely to become an informal public services pay target, although neither Mr. Heseltine nor the local authority leaders want it to be seen as such.

Apart from the importance of the increase in the cash limit figure to cover pay and price inflation for wage negotiations, the figure plays a crucial role in determining the size of rate increases next year. The rate support grant, set for next year again at 61 per cent of "relevant expenditure" forms one part of the rates equation. Relevant expenditure is total budgeted expenditure, less items not drawn entirely from central Government funds, e.g., student awards and rent rebates, together with loan charges and capital expenditure met out of revenue.

Local authorities have the rates—and to a very limited extent balances—as its two alternative sources of income.

The problem for local authority treasurers in advising council members how much the rates should rise next April to cover expected spending lies in interpreting the Government's figures and guessing the realistic level of pay and price inflation.

Mr. Heseltine was determined yesterday not to suggest what the level of rate rises would be next year, arguing that it was up to local authorities to decide how to balance the books—and answer to the ratepayers if they overstepped the mark due to be announced, thereby incurring a cut in their grant.

However, assuming that local authorities do not cut services and reduce manpower below Government targets, then the Government's own figures suggest rate increases next year of over 13 per cent.

If, however, local authority treasurers expect pay and prices to rise by more than the figure allowed by the Government then rates could go up substantially more than this and perhaps by over 20 per cent—even if the local authorities fight to keep pay increases below the 13 per cent mark.

● In Scotland, Mr. George Younger, the Scottish Secretary, told local authorities that the rate support grant would remain unchanged at 68.5 per cent but the Government expected councils to reduce expenditure next year by two per cent in real terms below spending in the current year.

Table, Page 9

Disruption of BBC programmes 'likely'

BY GARETH GRIFFITHS, LABOUR STAFF

BBC TELEVISION programmes are likely to be disrupted in the next couple of days because of action by members of the Association of Broadcasting Staff over regrading.

Both sides met officials from the Advisory, Conciliation and Arbitration Service yesterday for separate briefings. ACAS is hoping to arrange a joint meeting early next week, but officials said there seemed little scope for conciliation.

The dispute arose from a BBC decision to suspend staff regradings from November 5. About 1,000 regrading claims were outstanding, and the BBC says it would take two years to process them. The BBC wants to replace its present regrading structure, which it says is on the verge of collapse, with a new pay structure.

The corporation wants to introduce the scheme—which would affect 16,000 of the 26,000 staff—by April, 1980.

Mr. Tony Hearn, general secretary of the ABS, said further industrial action in the next few days was likely. The union would back action by staff affected by the regrading freeze, and make it official.

Sound operators on outside broadcast units who took part in a 24-hour strike on Thursday and Friday have been suspended by the BBC.

£20m TV licence evasion

Television licence evasion has cost the Government about £20m in lost revenue, in the present financial year Mr. Leon Brittan, Home Office Minister, said yesterday in a Commons written reply to Mr. Michael McGuire, the Labour MP for Ince.

Think again says British Oxygen

By Gareth Griffiths, Labour Staff

BRITISH OXYGEN said yesterday it hoped the Transport and General Workers' Union would reconsider a work-to-rule and overtime ban by more than 3,000 manual workers in its industrial gases division.

The overtime ban is due to start on Monday and to be followed by an all-out strike from January 7 in support of a wage claim of more than 20 per cent. BOC said the action would hurt everyone—the company and the individual.

"We hope that our people will think again very carefully about the decision their delegates made. The offer we have made is a good one. It would immediately raise gross average weekly earnings by £14.50 to £11.41 and the deal comes up for renegotiation."

The company was determined to minimise the effect of any industrial action on its customers and was asking them to keep in touch with their local BOC branches.

At the last meeting of negotiators BOC management said its offer was a final one.

The employees concerned, drivers and gas cylinder handlers could lose on average £225 between now and Christmas in forfeited overtime pay and payments under the deal already offered, the company claims.

It said that the threat of a strike must make its customers very anxious. BOC dominates the industrial gases market in the UK, and a strike two years ago caused considerable disruption in industry, with more than 30,000 people laid off.

The company says that its offer, worth about 13 per cent over eight months, compares very favourably with settlements currently being negotiated over 12 months.

The union delegate conference on Thursday instructed its negotiators to ensure that a settlement at BOC would be in line with those secured by the pacesetters in the current pay round.

Evening News hit by dispute

By Our Labour Correspondent

THE LONDON Evening News failed to appear yesterday because of a dispute over its colour supplement, which was due to appear for the first time.

Members of the National Graphical Association in the composing room are demanding compensation because the magazine is being produced by outside printers. London regional officials of the NGA failed to persuade the men to return to normal working, pending negotiations.

Mr. Les Dixon, NGA president, is expected to make a personal attempt to persuade the men to work normally on Monday.

Unions to meet on plan for job cut at Linwood

By Arthur Smith, Midlands Correspondent

UNION LEADERS from Chrysler UK's Linwood plant, Scotland, will report to a mass meeting next week on management talks yesterday about plans to end the night shift and make 1,250 workers redundant.

The unions were urging short-time working as an alternative to sackings. Management argued that the move was prompted not by short-term market fluctuation but the need to make Linwood profitable.

Chrysler, now owned by Peugeot-Citroen, is seeking a 25 per cent improvement in productivity throughout its UK operations.

Linwood assembles the Avenger and Sunbeam models.

Ariel to keep working 'at least until March'

BY CHRISTINE MOIR

ARIEL, the computerised share dealing system set up by the accepting houses as an alternative to the Stock Exchange, is to continue in operation "at least until the end of March," Mr. Charles Clay, the chairman, said yesterday.

At a meeting of the Accepting Houses Committee following the annual meeting of ARIEL, it was decided not to close the system down in January but to keep it running for the rest of ARIEL's financial year. At that point, its future will again be reviewed.

ARIEL operates through a network of computer terminals by which members broadcast their dealings positions and negotiate directly with one another.

When it was set up in 1974, it was hoped that the speed with which deals could be transacted and the absence of a "middle man" or broker would encourage institutions to conduct a considerable part of their business through ARIEL rather than on the Stock Exchange.

In the event, the system failed to develop sufficient volume to guarantee that buyers or sellers would have a reasonable chance of finding takers when they broadcast their calls. From a peak membership of 60, numbers had dwindled to 40 by the spring, and a partial alternative system of dealing was introduced.

This was designated the "matchmaker" system, under which ARIEL itself broadcast a list of popular stocks each morning. Subscribers then had a limited period in which they could lodge their responses confidentially with ARIEL, which would then try to find a match.

In spite of this system, membership fell away still further, and subscribers number less than 35.

Now ARIEL is to extend its "matchmaker" system throughout the day while continuing to run the broadcast dealing method in tandem.

Mr. Clay denied that this move would transform ARIEL into a stockbroker specialising in "put throughs" — matched deals which do not go through the open market.

Mr. Clay expressed his continuing disappointment that the Bank of England had always refused to allow ARIEL to deal in Government stocks. He believes that the lack of gilts facilities is the main weakness.

Speculative BNOC rig sold

By Ray Dafter, Energy Editor

BRITISH NATIONAL OIL Corporation and the Scottish Office have sold an offshore drilling rig ordered, on a speculative basis, from a Scottish yard to safeguard employment. The sale price is thought to be more than £15m.

St. Vincent Drilling, jointly owned by BNOC and the Scottish Office, said yesterday that the self-elevating drilling rig was bought by Saipem AG of Zurich.

The rig is being built at Marathon's Clydebank yard, and is due for completion next summer. BNOC said that it had more than covered its cost on the deal.

The rig, ordered after a direction from Mr. Anthony Wedgwood Benn, the Labour Energy Secretary, in April, was the third ordered from Marathon and sold by BNOC.

Mr. Ian Clark, executive member of BNOC and chairman of St. Vincent Drilling, said that BNOC was responsible for ensuring that orders worth over £100m were placed with Clyde yards. No

Importing coal 'no long-term answer'

BY MARTIN DICKSON

BRITAIN COULD not depend on imported coal from countries such as Australia, South Africa and the U.S. to help meet its long-term energy needs, a senior official of the National Coal Board said yesterday.

Mr. Michael Parker, director of the board's central planning unit, was giving evidence on the 12th day of the public inquiry into the NCB's plan for a major deep mine development in the vale of Belvoir in Leicestershire.

Questioned by counsel for Melton borough council, which is opposed to the plan, Mr. Parker acknowledged that while last year NCB coal cost just over £24 a tonne to produce, Australian coal shipped to Europe was costing between £5 and £10 a tonne less. U.S. coal also had a significant price edge.

Mr. Parker said there were special reasons for this. Strip mining in Australia had lower costs, and the U.S. had spare mining capacity.

But "in the circumstances of the 1990s the price of imported coal will be such as to make it undesirable to depend on it."

He maintained that the International Energy Agency intended that internationally traded coal should be used to displace oil rather than other coal, and that imports should be used to supplement rather than displace, indigenous production.

Turning to the NCB's future production plans Mr. Parker said that even at the lowest Department of Energy estimate of domestic coal needs by the turn of the century—128m tonnes per annum—the Board would need to develop the Vale of Belvoir. In fact the board was still considering a production figure of 170m tonnes by 2000, which was very much in line with the highest Energy Department estimate.

"What we are saying is that if the country is to reduce its dependence on oil then it must increase its use of coal, and that will have to be done in the bulk heating areas of power stations and general industry."

Pym house must stay —Heseltine

By James McDonald

MR. MICHAEL HESELTINE, Secretary for the Environment, has refused consent for demolition of Hazells Hall, Sandy, Bedfordshire, owned by Mr. Francis Pym, Secretary for Defence.

A spokesman for the Environment Ministry said last night that Hazells Hall was a listed building, graded two star, under the Town and Country Planning Act 1971. It had been necessary for the Secretary for the Environment to make a decision on the building's future.

Mr. Heseltine has accepted the recommendation of Mr. Kenneth Dodds, the inspector who held a local public inquiry into the demolition application between September 5-7.

GEC plant to lose 200 jobs

MORE REDUNDANCIES on Merseyside were announced yesterday. About 200 jobs will go at the GEC English Electric domestic appliances plant on the East Lancashire Road at Liverpool between April and July next year.

The factory employs 1,300 production workers. The company said it would try to reduce redundancies by redeployment.

Falling order books are blamed, as well as the effects of a 15-week strike over a pay claim which halted all production and was only called off a month ago.

● A total of 511,463 proposed redundancies were notified to the Department of Employment in the year from November last year, said Mr. James Lestor, Parliamentary Secretary in a written reply in the House of Commons yesterday.

Nott upholds Laker ticket system

BY LYNTON McLAIN

LAKER AIRWAYS can continue to sell tickets in advance for its London to Los Angeles Skytrain. British Caledonian Airways has lost its appeal against the Civil Aviation Authority's decision to allow Laker to do so.

Mr. John Nott, the Trade Secretary, said yesterday that was "compelling evidence" that greater flexibility was necessary to enable Laker to meet the severe competition which had developed on the route.

Before the CAA lifted its restrictions on Skytrain in July, Laker Airways was not allowed to sell tickets in advance for either its New York or Los Angeles Skytrain flights. There were also restrictions on cargo and Sir Freddie Laker, the head of the airline, said world airlines had tried to kill off his Skytrain. The Los Angeles service had been losing quite a lot of money, he said.

British Caledonian Airways objected to Laker's application to sell tickets in advance. It said the removal of restrictions would be a denial of the basic Skytrain concept of no frills and no reservations.

Mr. Nott said yesterday that the removal of restrictions would do no more than bring Laker's operating conditions into line with those of other operators.

Laker had found it increasingly difficult to compete against Pan Am's budget fares and TWA's stand-by fares to Los Angeles. Sir Freddie said Pan Am and TWA applied their low fares only on routes where they faced competition from Laker.

The removal of restrictions would enable the airline to return the "attack" against competing airlines, he said.

● Political actions have eliminated airline profits to the point of endangering future growth, it was claimed in London yesterday.

Mr. Gerry Draper, the British Airways' director of commercial operations, told a meeting reviewing experiments with low air fares, airlines are becoming starved of profits.

Airlines faced an uncontrolled free-for-all as a result of Government action, the new competitive environment and an uncontrollable rise in costs, he said.

The removal of regulations on U.S. civil aviation, highlighted by the Laker Skytrain flights to the U.S. had increased the total market on the routes by 10 per cent compared with last year.

MPs' phone bill rises

THE HOUSE of Commons telephone bill for July, August and September totalled £160,893 compared with £139,797 for the previous quarter.

The "apparent" shortfall of the June quarter was "probably due to the reduced use of the telephone during the General Election," said Mr. Arthur Bottomley in a written reply for the House of Commons Commission.

'Poison' village reports ready

RESIDENTS in the poison-scare Somerset village of Shipham are soon to receive individual reports on the cadmium and lead levels in their garden soils.

The statistics will go to more than 300 households which took part in the 1979 Government survey aimed at finding whether there is a health hazard from the cadmium.

Test results had shown cadmium levels in the winter crop of vegetables 19 times above the national average, and those in spring and summer vegetables 35 times higher than normal.

The Day of Judgment

THERE WAS something almost unreal about this week's financial events. Thursday, everyone knew, was going to be the Day of Judgment for the breakdown in monetary controls in the autumn. It was obvious that something would have to be done to counter the announcement that day of a dreadful set of money supply figures for Banking October.

On Monday, Mrs. Thatcher promised "unpleasant and even painful remedies" for the problem, and as the week passed the financial hawks raised their expectations of what such treatment might involve. Three-month interbank rate, which was not much more than 14½ per cent a couple of weeks ago, eased up past 16 per cent around midweek. And on Thursday, right on schedule, up went Minimum Lending Rate—by a full three points to 17 per cent, which is a record in nominal terms.

Along with its rusty interest-rate weapon, the Government did a quick piece of paper *shuffling* with Petroleum Revenue Tax to bring this year's Public Sector Borrowing Requirement back to the original Bndget ceiling. At the same time, down on Throgmorton Street, there was a lond gurgling noise as the Government Broker turned on the taps. many times before. The trouble is that the medicine gets nastier every time and still shows no sign of providing a lasting cure. However, the immediate funding problem has been solved—at the cost of giving some quick profits to the fleet-footed in the *gilt-edged* market.

While Government bonds were shooting all over the place, the equity market was left very much on the sidelines. The All-Share Index drifted lower over the week, and the obvious victims of rising interest rates looked predictably sick. The property sector bas taken a real beating, and some of the high street stores have been falling back too, on the idea that the consumer may not be feeling too generous this Christmas.

In the City, the discount houses have been squealing in the last few days, but there have been quiet smiles on the faces of clearing bankers. Until

LONDON

ONLOOKER

quite recently, it was widely assumed that their profits next year had nowhere to go but down after what seems likely to be a very strong performance in 1979. Thanks to the rise in interest rates, however, the clearers' profits outlook has improved significantly.

Super Shell

Half concealed behind the labyrinthine accounting procedures of Royal Dutch/Shell lies a buoyant third quarter trading performance. Underlying earnings were £426m, compared with *£315m a year* earlier, confounding the forecast analysts were making a few months ago.

One leading oil analyst was looking for 1979 net income of £1.9bn in May this year — and is now expecting £2.5bn. Other broking firms are forecasting even more. The nverriding reason for the surge in oil company earnings this year has been spiralling oil prices.

Shell, with its particular strength in down-stream activities, has benefited less from this than, say, BP and has *underperformed the oil sector in* consequence. Nonetheless, even marketing has been causing a few surprises.

The much-trumpeted recession bas been slower to arrive than expected and strategic stocks are *still* being built np at a beady rate.

Shell's earnings may well fall next year but its strong geographical and product base makes the group a sound defensive hold in the sector. The prospective yield of around 8 per cent is a good percentage point above the sector average.

The apple-cart could of course be upset by supply failures (in which event BP'a Sobio holdings would be transformed into gold-dust) but that, to the frustration of the forecasters, is in the lap of the Ayatollahs.

Sluggish Boots

The share price of Boots has heen weak against the market since the beginning of 1978 and the latest half-time figures, showing a small slip in profits from £51m to £50.5m, offer little immediate bope of a reversal of this trend. However, there is a growing opinion that the end of Boots' run of sluggish profits *growth may be in sight*.

The second half of the current year should look quite respectable against a period hadly affected by last winter's particular problems, and market estimates are pitched around £120m pre-tax for the year against £113m.

The question for the market now is whether the manufacturing division will provide the impetus to carry profits upwards at a more aggressive pace beyond the year end. Retailing is not expected to sbow any excitement though the hoped for increased return on NHS dispensing sbould help.

The "Brufen" antirheumatic drug bas now reached maturity in terms of markets penetration and margins have come under pressure, so the hope for the future must be the newer "Froben" drug, introduced a couple of years ago. Froben could contribute profits of £2m to £3m this year, yet if its potential is anything like Brufen there is a long way tn go—Brufen could have chipped in between £15m and £20m to profit in its peak year.

Composite results

The composite insurance sector has been noe of the few bright spots in this week's market, thanks to some alightly better than expected nine month figures from the three U.S.-orientated composites—Commercial Union, General Accident and Royal.

While the result of the U.S. domestic insurers sbowed that the insurance cycle in that country is deteriorating, CU and GA bucked that trend with an underwriting profit in the third quarter, despite the impact of hurricanes David and Frederick. Royal was mnre in line with other U.S.results.

The results from the UK were very good as expected when everything in the third quarter—weather, motoring restrictions—were in favour of the insurance companies. CU and Royal went hack into profit and have almost caught up the effects of the winter's weather in the first quarter. GA managed to reduce its UK losses but these still remain heavy.

Elsewhere Royal managed to achieve the near-impossible by recording an underwriting profit in Holland, but the Canadian and Australian markets remain very competitive and losses are piling up.

The market is still expecting the U.S. cycle to continue downwards in 1980. But the higher interest rates available in both the UK and U.S. should lead to rapidly rising Investment income to offset the underwriting losses. If the coming winter on both sides of the Atlantic is less severe than last time, the overall results for 1980 could surprise the bears.

Shareholders in these three companies can expect a 33 per cent rise in GA's final, in line with the interim, about 13 per cent from Royal, but very little extra from CU.

GEC closes in

At the end of a battle for independence that started nearly a year ago, Averys may well be slipping into the maw of GEC. With share prices falling, the 265p cash per share that GEC is now offering looks better value every day.

It is far higher than the Averys share price had ever been until the market got wind of GEC's bid approach. On top of this, the engineering strikes has played into GEC's hands by preventing Averys from showing its current profitability in its best light.

Averys is not giving up without a fight, however. It is raising its dividend to a level that gives a yield of 8 per cent at 265p (the actual market price this week has been somewhat lower), but this is by no means an outstanding yield in the engineering sector.

Averys is clearly bitter about GEC's ability to launch such a bid—which it claims has little industrial logic — simply because it has amassed a pile of cash. But its main hope now rests with its institutional shareholders, who may support it in the same way that they backed Bestobell against BTR. And the deadline—November 23—may be rather close for GEC's comfort.

Zimbabwe bulls

With the breakthrough in the Lancaster House Rhodesian talks, Rhodesian bonds quoted in London rose to new highs for the year. Southern Rhodesia 2½ per cent 1965/70 jumped £5 to £115 on Thursday, and the 6 per cent 1978/81 stock gained £5 rising to £151.

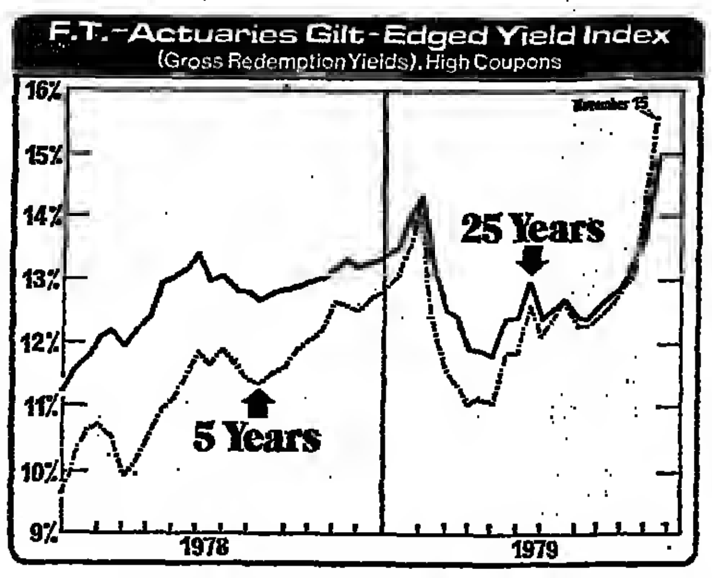
All the 12 stocks quoted showed gains of between 4 and 3 points; and the 2½ per cent 1965/70 stock is more than two and a half times above its 1979 low of £43.

Interest and capital due on the 12 Rhodesian bonds have not been paid to British residents since 1966, the year after the Unilateral Declaration of Independence.

Simon and Coates, the stockbrokers, estimate that £26.2m of capital and £19.1m of accrued interest is due to British holders by the end of the year. Seven of the stocks are past their redemption dates, but compensation for interest which would have been earned by bondholders had redemption taken place on schedule might be gained.

It all depends on whether the Council of Foreign Bondholders is successful in future negotiations. If it is, Simon and Coates reckons that another £11m could become payable.

Elsewhere shares in companies with sizeable interests in Rhodesia, such as Stocklake and Turner and Newall, also showed useful rises.



MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1979 High	1979 Low	
Ind. Ord. Index	407.0	−13.9	558.6	406.3	Economic and financial worries
Govt. Secs. Index	64.49	−0.99	75.91	63.31	Minimum Lending Rate up to 17%
Antofagasta Railway	£41	+ 5	£41	£22	Bid from Chilean concern
Schn. Rhod. 2½% 1965/70	£112	+ 7	£115	£43	Breakthrough in Rhodesia talks
Chinese 5% 1912	£48	+13	£49	£21	Debt repayment hopes
Allied Textile	80	−14	131	80	Scattered selling
Beales (J.)	27	−13	77	26	Interim loss and div. passed
Boots	150	− 7	238	148	First-half figures disappoint
BH South	177	−24	212	84	CRA withdraws bid
Chapman (Balham)	85	−15	145	83	Lack of support
Decca	290	−25	445	235	Speculative support withdrawn
GUS A	330	−16	448	288	Consumer spending fears
MEPC	134	−13	205	131	Higher interest rates
Minet	99†	+11	194	88	Corroon and Black increase stake
N. Broken Hill	131	−14	167	91	Profit-taking
Norwest. Holst	112	+21	122	91	Bid approach
Stocklake	108	+ 8	113	64	Rhodesian settlement hopes
Tube Invs.	264	−12	436	264	Market trend
UDT	33	− 5	54	32	Higher interest rates
Western Mining	159	−21	205	121	Profit-taking

† Price at suspension.

U.K. INDICES

Average week to	Nov. 16	Nov. 9	Nov. 2
FINANCIAL TIMES			
Govt. Secs.	64.77	66.76	69.16
Fixed Interest	65.45	67.66	70.11
Indust. Ord.	412.0	2418.1	438.4
Gold Mines	206.8	210.5	197.4
T'tl. bargain	19,488	18,440	17,398
FT ACTUARIES			
Capital Gds.	205.26	208.72	218.66
Consumer (Durable)	194.83	199.52	211.56
Cons. (Non-Durable)	204.61	208.21	219.37
Inds. Group	204.12	207.83	218.57
500-Share	243.66	247.47	259.61
Financial Grp.	166.10	168.56	17.73
All-Share	222.05	225.64	237.08
Red. Debs.	51.92	53.98	55.34

A fairy tale for Wall Street

ONCE UPON a time there was a little boy in downtown New York who was scared of nothing. Except that is, he was scared of bad dreams.

So one night he dreamed that he was going to be eaten by a grizzly bear. The next morning be awoke in a panic and said to his mama, "I'm gonna be eaten by a bear, Mom, I'm real scared."

NEW YORK

IAN HARGREAVES

"Don't worry, it was only a bad dream. The bear wasn't real," sbe said, and after a few days the little boy stopped worrying.

A *few days after* that he was walking home through Central Park when a grizzly bear blocked his path. "I ain't acared of nothin'," he said and the bear ate him whole.

The little boy, of course, since he appears in this column is the New York Stock Exchange. At the beginning of last week the market, alive with rumours that Iran would cut off oil supplies to the U.S., ran fnr cover and in three days wiped more than 20 points off the Dow Jones Industrial Index of thirty shares, taking it for a period below the barrier and to its lowest level of the year.

On Monday of this week the rumours became fact and within minutes of each other President Carter and Ayatolah Khomeini imposed an oil blockade on each other. The market, responding to this "show of presidential strength" as the leader writers put it, surged np a remarkable 15.45 points.

More can be learned about the American psychology in foreign affairs and presidential politics from this incident than about the performance of the U.S. economy or the major companies wbose shares are traded on Wall Street.

But during the rest of this week the market appears to have responded to the crossfire on Iran with splutter of forward and backward movements and by mid-day on *Friday* looked like ending the week more or less where it finished at the close on Monday.

Two points of interest have, however, emerged during the week. First is that the market is taking the view that the Iranian row is good for oil stocks on the argument that oil price inflation will be fuelled and that the big oil companies *will benefit from* the appreciated value of their domestic oil reserves, currently supplying 55 per cent of the country'a needs.

Some also feel that the Iranian blockade will finally jolt America and the rest of the developed world into more sustained efforts at energy conservation.

This strength in oil stocks is, incidentally, the main reason why the composite index of the smaller American Stock Exchange has shown steady improvement in recent days, avoiding some of the splntters backwards of the Dow, which is based only on New York SE trades. The American composite is dominated by the *stocks* of smaller oil companies and oil service nperations.

A more general point is the growing acceptance in the U.S. that double digit inflation is atill a long way from being beaten, in spite of the Volcker package, principally because of unpredictable energy costs.

This inflation psychology is naturally having the effect of improving sentiment about companies with any kind of natural resource interest, wbether it be sngar or oil.

There was also continued bad news from the car industry, where sales are still falling and Ford is predicting a $1bn loss *on car and truck operations* this year and next.

At one point in the week Chrysler's stock price was at its lowest level since 1942. With the latest indications for car sales, that troubled company must be beginning to wish it could run across a grizzly with corporate size digestive ability.

	Close	Change
Monday	821.93	+15.45
Tuesday	814.08	− 7.45
Wednesday	816.55	+ 4.78
Thursday	821.33	+ 4.78

FINANCE AND THE FAMILY

Covenants for grandchildren

BY OUR LEGAL STAFF

Could you advise me on "do it yourself" covenants for grandchildren? What is the procedure for tax reclaims? Must a solicitor or accountant be involved?

A form of covenant can be found in precedent books which you should be able to obtain in your library. Potter and Monroe's Tax Planning, Eighth Edition, should suffice for your purpose. You should furnish your own Inspector of Taxes with a photocopy of the deed when it has been executed. Similarly the refund claim should be made by the father to his Inspector of Taxes. It is not essential for a solicitor or an accountant to be retained.

UK tax on service pension

With reference to your reply under Resident in UK and Spain, I am at present resident in Iran, but am intending to retire to Spain. I draw an RAF pension, which is taxed in the UK, unlike any other sources of my income. Will my change of residence enable me to avoid paying so much tax?

The way in which your RAF pension is taxed is the normal way of calculating the UK tax liabilities of non-resident Commonwealth citizens (and certain other people) who derive income from the UK and live in a country with no comprehensive double taxation agreement with the UK. In fact, when you retire to Spain (assuming the rules remain unchanged) your RAF pension will still be taxed in the UK in the same way, unless you acquire Spanish citizenship. If you do aquire Spanish citizenship, the pension will be exempt from UK tax, but otherwise it will be exempt from Spanish tax, by virtue of article 19(3) of the current double taxation convention.

Guaranteed income bonds

As regards guaranteed income bonds, can you tell me please what safeguards small investors have against company insolvency? Does the Policyholders Protection Act apply?

Provided the investor is a policy holder and the issuing company is an authorised insurance company, i.e. permitted by Section 2 of the Insurance Companies Act 1974 to carry on insurance business in Great Britain, a claim for compensation under Section 8 of the Policyholders Protection Act 1975 should be maintainable.

Liability of church council

If a parochial church council authorises certain work to a church in the hope and expectation that sufficient funds will be forthcoming, whether as a result of an appeal or otherwise, and if in fact sufficient money is not raised, what is the position of the individual councillors? Do they become personally liable, and, if so, is there any way they can guard against this when authorising work to be done?

If the council contracts for the work to be done it will be liable to the builders with whom it contracted; similarly if one or more of its members contract individually, they would be liable as individuals. If the council itself has insufficient funds it might be possible to claim against individual councillors, but this would depend on the construction of the contract in question.

Protection for sub-tenant

I am lodging with an elderly lady who rents the house. She is thinking of leaving. Could she hand over her tenancy to me? I understand the landlord would like to sell the house with vacant possession.

If the lady with whom you lodge has granted, or grants, you a subtenancy, and if there is no restriction on subletting in her lease, you would be protected as against her landlord if she gives up her tenancy. Otherwise it seems that you would have no right to remain once the present tenant surrenders her tenancy.

Constitution of rent

In connection with tenants who pay rents so low as not to have the protection of the Rent Acts, what, please, constitutes rent? What about standing charges and rates?

Service charges (e.g. gas/electricity standing charges) are NOT included, but rates are where the rent is an inclusive rent. If a rent is reserved exclusive of rates the tenant cannot seek to bring the letting into the Rent Act protection because he pays rates which, if reserved as rent, would have brought it into protection.

Use of right of way

A right of way over my neighbour's private drive, which I also use, was given to a previous owner of the neighbouring land in a deed in which he was named. In fact, he never used it. Now the new owner of the land has applied for outline planning approval for two properties with access onto the drive. Is his claim for access valid?

As a dominant owner you have no right to object to any excessive user of the way which does not actually obstruct your use. The owner of the road is the only person who may, and it would require a careful examination of his title deeds to learn whether he can do so effectively. He should consult a solicitor. Normally the fact that the right of way was given to a named person will not prevent its being exercised by whoever is the owner for the time being of the dominant land.

Capital gains and losses

With reference to some of your recent replies on capital gains and losses, I submitted my calculations to my tax inspector on the lines suggested and be replied, "I regret that under the provisions of Section 112 Finance Act 1972 any unused losses of a previous year must first be used against the gains arising in a later year before the allowance of the tax credit due on the disposal of the qualifying unit trusts." What please, is your comment on this?

You are far from the first reader to be told that losses cannot leapfrog gains (as a general principle), without being given any reasoned argument to support that statement. We can fairly say that none of the arguments which we have seen advanced by tax inspectors who share the view of your own inspector has impressed us as likely to be upheld by the Special Commissioners or the courts. Your inspector's view is apparently shared by his colleagues at Somerset House (although we have not seen any detailed argument from that quarter), but it is not shared by some of his colleagues in other tax offices, we gather, who have agreed to leapfrogging without demur.

Isle of Man domicile

Regarding your Isle of Man correspondent of October 13 and his query as to whether he will be liable for UK tax if he buys a holiday home in the UK. As I understand the position one can never be domiciled in the Isle of Man in the eyes of the UK Inland Revenue if one settled there after 1974. Hence, theoretically, at least, all those who have settled in the Isle of Man after 1974 are liable to full UK tax rules. Of course, if one takes all one's assets to the Isle of Man, there will be little likelihood of the UK Inland Revenue being interested. Conversely if your correspondent were to make "a bed" in the UK again, he may be assessed by the Inland Revenue on the whole of his income and he would certainly come in for the full gamut of CTT. Do you not agree?

What you have in mind is section 45 of the Finance Act 1975. However, that section only applies "for the purposes of this Part of this Act" namely Part III, which relates solely to CTT, and it does not affect a taxpayer's liability to UK income-tax or CGT, or his or her domicile for general purposes.

Incidentally, the converse situation may arise (e.g. English domicile for general purposes, but overseas deemed domicile for UK income-tax and CGT purposes) under article 4 (4) of the UK-US double taxation convention of December 31, 1975, as amended in 1977, with effect from April 6, 1976.

The reader's question published on October 15 did not, of course, include any reference to CTT. The word "probably" in our reply was merely a gentle caveat against his assumption that he had acquired a Manx domicile of choice (some 15 years ago), but there was nothing in the unpublished parts of his letter to suggest that he was mistaken.

New challenges, old habits

MINING

PAUL CHEESERIGHT

SOON the UK investor's freedom will be complete. As the Zimbabwe Rhodesia talks moved forward at Lancaster House this week, it looked as if the one area still covered by exchange controls would shortly be open for portfolio investment.

An end to the illegal independence of Rhodesia and steps towards the legal independence of Zimbabwe would bring in their train a resumption of normal financial contacts between Salisbury and London. All those dividends paid into frozen bank accounts would be freed. Rhodesian mining stocks, still quoted in London, could be traded without let or hindrance.

And there should be considerable opportunities for both direct and portfolio investment. Zimbabwe Rhodesia is rich in minerals. The value of production last year at R$252.2m (£178.3m) is a foretaste of what the industry could earn given an inflow of capital.

Wankie Colliery, the *Anglo American Corporation* coal producer, is a case in point. Sir Keith Acutt, the chairman, noted that the company had a major expansion plan, but the capital costs involved are "very much in excess of our present resources."

But the possibilities extend beyond energy minerals. Recent production statistics are unavailable, but, at least, before the Unilateral Declaration of Independence in 1965, Rhodesia was the western world's second largest producer of chrome, the third largest producer of asbestos and the fourth largest producer of gold. There are also reserves of copper and nickel and small deposits of antimony, emeralds, tungsten and tin.

Yet, if past performance is any guide, there will be no London stampede to invest in stocks like **Falcon Mines, MTD Mangula, Coronation Syndicate** or indeed **Wankie Colliery**.

London brokers say they have not noticed any marked upturn in interest for overseas stocks since the lifting of exchange controls and, further interest in European mining stocks, to which there has been free access for even longer, has been minimal.

Stock market trading has continued along familiar and well-established lines, with the main emphasis on South African and Australian issues. Investment in Rhodesian stocks ceased to be commonplace 14 years ago. Short of any sharp change in London habits, it may take some time before any strong interest in the new possibilities is kindled.

On the face of it, of course, the recent dullness of the London industrial market might have made overseas stocks seem more attractive. After all the gold price has remained at a high level and there has been no lack of activity on the Australian mining scene.

In fact, gold shares have moved uncertainly this week and Australians have turned lower. Sydney reports suggest that UK funds have been leaving the Australian market and have been funnelled back to London to take advantage of high interest rates.

On a weakening Sydney market, the bright spots have come from stocks in special situations—those involved in the unravelling of the takeover bids for BH South, for example.

Conzinc Riotinto of Australia's bid was formally withdrawn, giving the field to **Western Mining Corporation**. CRA meanwhile is buying some of the BH South assets from Western Mining and supplementing them with additional stakes in the relevant companies to be purchased *from* **North Broken *Hill***.

Such moves point to a greater degree of concentration in the Australian mining industry. This may be no bad thing in view of the industry's future capital requirements.

Mr. Douglas Anthony, the Trade and Resources Minister, told Parliament in Canberra this week that Australia needed tremendous capital investment and it was doubtful whether the necessary funds could be accumulated in the country.

Large groups with secure assets will obviously be able to tap the international capital markets more readily than small, unknown companies. But this is not to say the days of the junior companies, as the Canadians call them, or the independent entrepreneurs, are passing.

Much of the exploration activity in Western Australia is currently in the hands of junior companies, often in co-operation with the majors. And there are entrepreneurs like Mr. Lang Hancock who remain ebulliently employed putting together new investment packages.

Mr. Hancock, who has a habit of chartering jet airliners, filling them with the influential and flying over potential development areas, has for several years had the vision of linking Western Australian iron ore with Queensland coal to form the basis of new Australian industry.

He offered his vision to the public again this week when he announced that he had secured his lease over the huge Marandoo iron ore deposit for a further five years with a new agreement signed by the Western Australia State Government. He could offer a package, he said—Marandoo iron ore, Kevin's Corner coal from Queensland and manganese from Balfour Downs, also in Western Australia.

At Marandoo and Balfour Downs he is in partnership with **Texasgulf**, the U.S. group, and at Kevin's Corner he is working with **LKAB** of Sweden. But it looks as if best chance for a new mine in the near future is at Kevin's Corner.

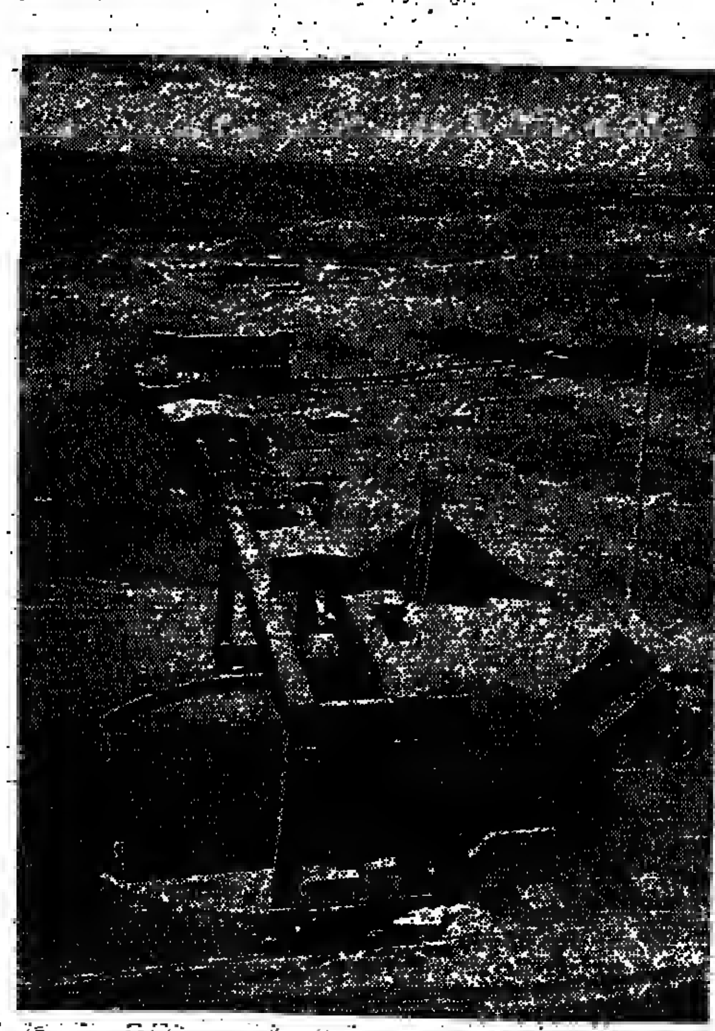
Australia is expecting a surge in energy exports over the next few years and Kevin's Corner might be expected to share in this. But Marandoo depends at least in part on long-term sales contracts with the Japanese steel industry.

Texasgulf has noted that the Japanese are putting off decisions about their involvement in new ventures. But there could be some pronouncement next spring about the merits of Marandoo relative to other deposits in the area competing for Japanese involvement.

Texasgulf also seems less sanguine about Balfour Downs manganese than Mr. Hancock. It pointed out this week that the deposit is remote and that while it had potential it was not something to be excited about at the moment.

South Africa meanwhile remains the western world's major producer of manganese. In the early part of the year especially, manganese took part in a sales boom for South African minerals that has put the industry's export earnings on line for another record.

In the latest monthly report from the Chamber of Mines, Mr. Dennis Etheredge, the president, said that mineral export earnings this year are likely to reach R9bn (£5.06bn), or 30 per cent more than in 1978. This would be the fourth successive record year.



Ore crushing at the Rio Tinto-Zinc group's Hamersley Iron operation in Western Australia. Every tonne produced means a royalty payment to Mr. Lang Hancock.

YOUR SAVINGS AND INVESTMENTS 1

هكذا من الأجل

The Government made industry squeal this week by raising Minimum Lending Rate to 17% but, as **Tim Dickson** explains, there is still some comfort for savers

Take advantage of these attractive new returns

IF A three-point jump in Minimum Lending Rate to a record 17 per cent apreads gloom and despondency in most places, one important silver lining lies in the improved returns to new savers.

This may not be much comfort to anyone who recently bought short-dated glits or who is locked in to a guaranteed income bond. But higher rates in tbe market are at least forcing those big institutions who borrow from the public tn give their depositors a fairer crack of the whip.

With inflation now running at an annual rate of 17.2 per cent and rising, the increased yields still do not represent a real return. But they are at least a welcome improvement at a time when rising prices are making it more difficult than ever to protect the value of your capital.

Tbe Government, meanwhile, is boping this new level of interest rates will finally induce the credit crunch required to control tba money supply. This, they believe, will atart to reduce the rate of inflation, signs of which should then allow interest rates to come down. If the Government is rigbt, savers sbould take full advantage of the opportunities now.

The interest rate chess board was initially thrown into confusion after Thursday's measures. Even by the weekend a number of expected movea bad not taken place. For example, the most interesting contrast in tbe accompanying table is the way banks now offer a considerably more attractive home for your money than building societias.

Althougb thc building societies could hold on into next year in the hope that minimum Lending Rate will quickly come down, tbe emergeocy meeting of their associatioo wbich bas been called for next week suggests that some changes may have to be made well before then.

The problem is that societies have only recently posted rate increases to borrowers and will therefore be extremcly reluctant to repeat thc wbole process again.

The new Government package also helps the National Savings instrumeots to sbow up well against rival investments. But elsewhere in the table, the figures sbown will probably be changed by events early next week.

The coupon on the yearling bond, for instance, will surely go up on Tuesday while the situation is still so confused that rates on the local authority over the counter market (where you can invest as little as £200) have yet to crystallise.

Similarly at UDT, wbere the interest on deposits fluctuates each week, the vote is always a guaranteed half a point above local authority money market rates and as such is also bound to be more attractive when reviewed on Monday.

	Your Tax Rate nil	30	40	60
BANKS				
7 day deposit	15	10.5	9	6
3 months deposit	16.56	11.59	9.94	6.62
1 year deposit	15.06	10.54	9.04	6.02
BUILDING SOCIETIES				
Ordinary shares	8.75	8.75	7.5	5.0
Term—two years	9.25	9.25	7.93	5.29
—three years	9.75	9.75	8.36	5.57
—four years	10.25	10.25	8.79	5.86
—five years	10.75	10.75	9.21	6.14
LOCAL AUTHORITIES				
Yearling bond	15	10.5	9	6
NATIONAL SAVINGS				
Investment account	15	10.5	9	5
5 year certificates	10.33	10.33	10.33	10.33
FINANCE HOUSES				
UDT Average rate deposits	14.88	10.42	8.93	5.95

One of the major developments this week was a new deal from National Savings

A timely three-pronged attack

INVESTMENT
TIM DICKSON

GOVERNMENTS are not often given to generosity—but Thursday's package of higber returns from the Department of National Savings (announced by Sir Geoffrey Howe, the Chancellor of the Exchequer, in Parliament) is enticing.

Already more than half the UK population has some link with National Savings. By making these changes, the authorities no doubt calculate that for the moment they can retain this loyalty and sign up some new followers.

Take the new investment account rate of 15 per cent, np 2¼ points from wbat was already a record level. This is now well ahead of the building society deposit rate of 8.75 per cent net (equivalent to a gross rate of 12½ per cent for a basic rate taxpayer) and still bigbly competitive with the clearers after yesterday's increase in the hanks' rates.

Next, there is t he new National Savings Certificates 19th issue, due to go on sale in February when the 18th issue will be suspended.

The new issue will cost £10 and will increase in value to £16.35 tax free over five years, whicb works out at an overall compound interest rate of 10.33 per cent a year tax free, or the equivalent of 14.75 per cent to a basic rate taxpayer.

This return compares with 8.45 per cent tax free on the 18th issue, or the equivalent of 12.07 per cent for anyone on basic rate tax.

But the new issue is not only more attractive than its predecessor. Assuming the Government's short term economic policy works out and interest rates start falling quickly, a five year return of 14.75 per cent (or more for high rate taxpayers) could prove extremely good value come February next year.

The maximum holdiog of the new issue will be £1,500 per person but anybody who wishes to transfer their savings from the 18th issue, announced only in January, will suffer a penalty. If it is held for less than a year investors will only get their money back. If they hold on for more than a year, the return on cash-in will only be 5 per cent.

The third measure Sir Geoffrey announced was an increase in the permitted holding of the National Savings Certificates index linked retirement issue from £700 to £1,200. These bave proved higbly popular and successful instruments since they were introduced in June 1975. Anyone wbo has since taken advantage of a return, guaraoteed to keep pace with inflation should be eager to snap up his or ber new entitlement.

Retirement certificates (or "granny bonds" as they are known) are available only to women wbo are at least 60 and men who are at least 65. They bave to be beld for at least one year to get the index linked returns (these are added monthly), while a bonus of four per cent is earned if the certificates are casbed in after the fifth anniversary.

No fixed interest investment, apart from retirement certificates, has kept pace with inflation since June 1975—and pious Tory optimism apart, there seems precious little evidence to suspect that things will cbange much in the next five years.

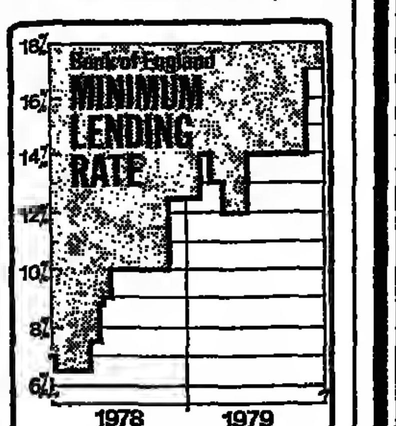
The retirement issue is held by 1.7m people, wbo between them bave invested £946.9m or £1.2bn if you add in the interest.

Thursday's measures, while badly needed for survival in the new climate of high interest rates, should give a boost to the total net National Savings intake. Against the annual average of between £1bn and £2bn over the last five years, the £330m for the first seven months of 1979 looks disappointing so far.

One final question. Is the Government taking advantage of its position and offering returns to savers which its competitors cannot match?

The man from the Ministry ruefully observes: "As far as rates are concerned we are on a hiding to nothing. When we are uncompetitive — which some claim we are by offering a total return of only 5¼ per cent on Premium Bonds—we are accused of not giving savers a fair crack of the whip. What should not be forgotten is that National Savings indirectly helps everybody by helping fund the public sector deficit."

Resolving this dilemma is hardly, perhaps, the most important issue: take advantage of the new returns while the going is good. They may not last for long.



The action day by day

MONDAY. Mrs. Thatcher promises "whatever action is necessary to contain the growth of money supply." Brown Shipley posts a base rate of 15½ per cent.

TUESDAY. NatWest's base rate rises 1½ points to 15½ per cent. Three month interbank rate approaches 16 per cent.

WEDNESDAY. Financial markets braced for a rise in Minimum Lending Rate to at least 15½ or 16 per cent. Expected on Thursday, to coincide with dreadful money supply statistics for banking October. Three-month interbank rate over 16 per cent.

THURSDAY. *Minimum Lending Rate* rises a full three points to 17 per cent. Chancellor announces that the target range for monetary growth will be extended over the coming year. Collection of Petroleum Revenue Tax brought forward to keep Public Sector Borrowing within the Budget ceiling. New £1bn gilt edged stock announced. Improvement in terms for National Savings.

CORRECTION NOTICE

Amendment to Investment Trust Table published 16th November, 1979. Valuation Monthly. Schroder Wagg Group. Continental and Industrial Trust. Col. 1 should read 50.4. Col. 6 should read 268.2, Col. 7 should read 278.6.

NATIONAL SAVINGS—CHANGES AT A GLANCE

1. Investment Account—rate up 2¼ per cent to 15 per cent. From January 1.
2. Savings Certificates—new 19th issue giving 10.33 per cent tax free return over five years (equivalent to 14.75 per cent for basic rate taxpayer); 18th issue suspended.
3. Retirement issue—maximum holding up from £700 to £1,200 from December 3.

How to soften the building society blow

GROSS MORTGAGE REPAYMENTS	11¾%	12¾%	15%
£10,000	£104.50	£110	£128.90
£15,000	£156.75	£165	£193.35
£20,000	£209	£220	£257.80
£25,000	£261.25	£275	£322.25

IF PAST performance is anything to go by, you will wake up on New Year's Day nursing a sore head and facing the prospect of higher monthly mortgage repayments.

But is it necessary? Given the present economic gloom, the answer to the first part is probably "yes." But what about the second?

Higher mortgage payments can be averted—in spite of the inevitable New Year rise in the cost of a mortgage from 11¾ per cent to 12¾ per cent. In the long term you cannot avoid paying more but in the short term you can soften the blow of the increase by lengthening the term of your loan.

In this way, you still pay more interest, but because the loan is spread over a greater number of years, the capital content of your monthly repayments can be reduced.

There are two important exceptions to this general rule.

Mr. Stanley Walker

HOME LOANS
TIM DICKSON
ANDREW TAYLOR

If you bave an endowment mortgage, wbere the repayment of the capital is linked to an insurance policy, there is no scope for avoiding higber monthly outgoings. And if you are already on the full original term, your chances of alleviating the pain are decidedly slim.

Building societies, needless to say, would not be filled with the festive spirit if everybody decided to take this way out. The societies are anxious to recover as much capital as possible in order to boost new advances and satisfy the perennially strong demand for home ownership.

Although previous experience suggests that most peopla nevertheless elect to pay up, the degree of enthusiasm will vary from society to society. But all of them should give you the option. Stanley Walker, chief general manager of the Leeds, is ona building society leader who is bappy to promote the idea. "I cannot understand why more borrowers have not taken advantage of opportunities to extend the life of a loan rather than accept increased monthly repayments."

By taking the immediate advantage of the extra casb, be points out, people could buy things like consumer goods, which continue to rise in price. Moreover, by extending the life of a loan, individuals will be repaying in a devalued currency as inflation takes its toll on the pound.

Mr. Bob Rendell, secretary of Abbey National, points out that those in financial difficulties can ask their branch manager to increase the term of their mortgage. "In tbe past roughly one out of every five borrowers bas taken this route," he says.

"Most people, however, find that as their earnings increase their mortgage becomes less and less of a burden. The other point is that anyone with only a few years to go tends to be anxious to pay off the remainder of their loan as quickly as possible."

Mr. Joe Bradley, of Nationwide, reports that most of their clients increase their payments when the rate goes up and as many as 60-70 per cent do not bother to reduce them when the mortgage rate comes down.

Mr. Bradley estimates that the January increase to 12¾ per cent will push the proportion of his members' net income accounted for by mortgage repayments up to 21 per cent. This will still be below the peak of 22-23 per cent reached in 1973.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE

PARTICULARS OF AN ISSUE OF £1,000,000,000

13¾ per cent TREASURY STOCK, 2000-2003

SCHEDULE OF PAYMENTS.

Amount paid on issue	£20.00 per cent
Amount payable on Wednesday, 5th December 1979	£71.00 per cent

INTEREST PAYABLE HALF-YEARLY ON 25th JANUARY and 25th JULY

1. *This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.*

2. The whole of the Stock has been issued to the Bank of England on 15th November 1979 at a price of £91.00 per cent. The amount paid on issue was £20.00 per cent. The amount payable on 5th December 1979 will be £71.00 per cent.

3. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

4. If not previously redeemed, the Stock will be repaid at par on 25th July 2003, but Her Majesty's Treasury reserve to themselves the right to redeem the Stock, in whole or in part, by drawings or otherwise, at par on or at any time after 25th July 2000 on giving not less than three months' notice in the London Gazette.

5. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

6. Interest will be payable half-yearly on 25th January and 25th July. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 25th July 1980 at the rate of £8.9430 per £100 of the Stock.

7. Until the instalment due on 5th December 1979 has been paid and a completed registration form submitted to the Bank of England, the Stock will be represented by letters of allotment.

8. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 3rd December 1979. Such requests must be signed and must be accompanied by the letters of allotment.

9. *Letters of allotment must be surrendered for registration*, accompanied by a completed registration form, when the final instalment is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 5th December 1979.

10. Payment in full may be made at any time prior to 5th December 1979 but no discount will be allowed on such payment. Default in the payment by its due date of the final instalment in respect of any Stock will render any amount previously paid in respect of such Stock liable to forfeiture and the allotment of such Stock to cancellation.

11. Until the close of business on 20th June 1980 Stock issued in accordance with this notice will be known as 13¾ per cent Treasury Stock, 2000-2003 "A"; the last date for lodgment at the Bank of England of transfers of "A" Stock will be 18th June 1980. The interest due on 25th July 1980 will be paid separately on existing holdings of 13¾ per cent Treasury Stock, 2000-2003 and on holdings of "A" Stock; consequently, interest mandates or authorities for income tax exemption recorded in respect of existing holdings will not be applied to the payment of interest due on 25th July 1980 on holdings of "A" Stock. From the opening of business on 23rd June 1980 the "A" Stock will be amalgamated with the existing Stock.

12. Copies of this notice may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND, LONDON
November 1979.

YOUR SAVINGS AND INVESTMENTS 2

Besides the key issue of interest rates the Government has made some important statements this week.

Hopes for abolishing the investment surcharge

TAXATION
DAVID FREUD

THE CHANCELLOR confirmed on Monday that the spring Budget would contain the capital tax reform that Lord Cockfield, Minister of State at the Treasury, has been working on since the election.

Sir Geoffrey also gave a clear hint that one of the elements in the reform is likely to be abolition of the investment income surcharge, now 15 per cent, on "unearned" income of more than £5,000.

He said: "The capital tax system that we have inherited is a haphazard accumulation of taxes—capital gains tax, capital transfer tax, development land tax, stamp duties and investment income surcharge—piled one on top of the other."

He went on to add that it would be desirable to get rid of many of the present exemptions and reliefs, thus widening the tax base and at the same time allowing people to make decisions unbiased by tax considerations.

One of the biggest distortions is the preferential treatment of savings channelled into pension and insurance schemes. But this is unlikely to be changed, mainly for political reasons.

The investment income surcharge is an obvious candidate for abolition, however. It would be the next logical step in removing distortions from the stock market, after the abolition of dividend and exchange controls.

Nor would it be expensive to implement, an important point, since Sir Geoffrey said there would be little room for income tax cuts next year.

In the 1976-77 financial year, the last for which figures are available, the surcharge brought in £265m. This figure will have moved up with inflation probably to about £400m.

However, the Budget adjustment of the summer is estimated to have reduced revenue by £201m, leaving about £200m —*the equivalent to less than ½p* off the basic rate of income tax.

Because of the present £5,000 threshold of the surcharge, which compares with last year's complicated lower rate formula with a threshold of £1,700, total *abolition will only* affect those with portfolios of, perhaps, £50,000 and above.

Sterling funds sail into uncharted waters

MYSTERY AND uncertainty this weekend still surround the fate of offshore sterling deposit funds. Unless there is a dramatic change of heart, things seem likely to remain that way for at least a couple of months.

The future of all these vehicles—there were about 14 of them at the last count—was thrown into doubt a fortnight ago. Two of the oldest and biggest funds, the near £100m

DEPOSITS
TIM DICKSON

Lazard Brothers Sterling Reserve Fund and Central Assets, the fund owned by Keyser Ullmann, disclosed that the Inland Revenue is looking at the possible application of a section of the tax law, aimed at preventing tax avoidance.

Section 478 of the Income and Corporation Taxes Act 1970 contains provisions for preventing income tax avoidance by transactions involved in the transfer of assets abroad.

This is distinct from Section 460, which gives the Revenue power to tax an artificial capital gain as income, and under which these funds have officially been cleared.

The funds, which together total well over £200m, give individuals and companies access to professional management in the wholesale money markets. By buying money market instruments — notably Bills of Exchange and Certificates of Deposit and in the latter case selling them where necessary before maturity to avoid taking too much income—the funds effectively convert income or corporation tax liability into capital gains tax liability.

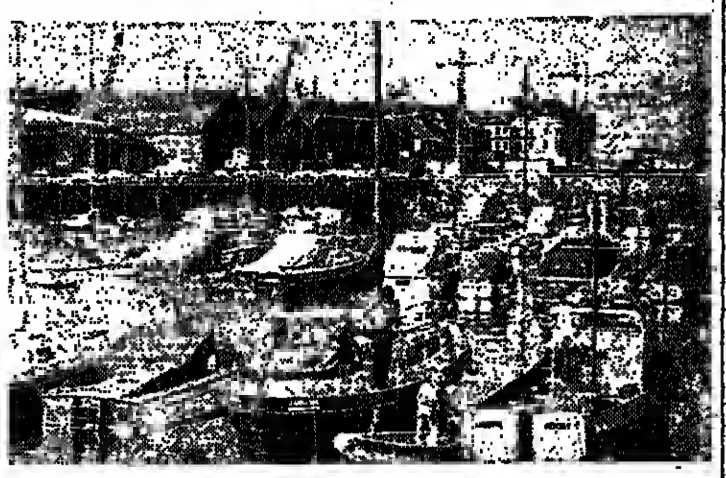
In this way investors get a more attractive return from readily realisable assets than by simply putting the money in a UK bank account, where any income would be more heavily taxed.

Section 478 is undoubtedly a grey area and the Revenue's silence is a result of its traditional refusal to discuss individual cases and its uncertainty as to whether the section can be applied.

Broadly, the options seem to be that the Revenue can either abandon the investigation (purely one for the optimists), apply Section 478 (in which case it might be contested, though this would have to be by an individual investor) or bring in new legislation to close the loophole.

How should investors react? First of all, corporate investors who probably make up about half the total, cannot be taxed under Section 478.

As for individuals, some have already voted with their feet.



South Harbour, St. Helier, Jersey

Lazard and Keyser Ullmann funds have experienced some unexpected withdrawals. Taking this course, however, does not give anybody a passport to immunity because, if applied, Section 478 could be applied retrospectively and would apply to individuals, not to the fund.

The managers themselves generally admit that while the outlook is still uncertain new investors should probably wait and see. Those with money still in this type of fund, however, will have to weigh up the chances of the Revenue successfully cracking down (which would probably mean them losing most of their tax advantages) and the alternatives elsewhere.

Unless new legislation is introduced, in which case the Revenue's action may not be retrospective, investors are unlikely to be worse off if they stay put.

Income bonds—it's hard to keep up with the pace

YOU NEED the patter of a sports commentator to discuss the Guaranteed Income Bond market after this week's developments.

Each time I have telephoned the life companies to check their rates, they have changed. Ideally, we should have an electronic scoreboard to keep up to date on the best available returns.

Although the increase in MLR has given investment returns a boost, this auction in GIB rates would have taken place anyway as the life companies competed for business. Consider the following sum:—

	%
Tax credit from the Revenue	21.2
plus net return on short-terms investment	11.0
less expenses net of tax and life cover	8.2
Return to bondholder before life company profit	24.0

My sum illustrates the position of life companies operating in this field. The company can offer 20 per cent net of tax to the bondholder and still have a useful return for the shareholders.

The actuary of a company active in this field admits that it could go to 20 per cent on these bonds. At the time of writing, the top return is 15 per cent from Albany Life's one-year bond, so there is still plenty of room left for companies to lift their rates.

For those investors who have not yet entered this market, our advice last week is still applicable. Next week, you may well be able to get a higher yield.

But for those investors who have already bought the maximum amount of bonds which qualify for the full tax relief, it is no use crying over spilt milk. You will gain nothing by cashing in your bond and re-investing.

Under many bonds, especially the one year term, the investor is locked in and cannot get his money out until the end of the period. Naturally, the death sum is paid should he die before the end of the term.

Where companies do allow early cash-in, the amount paid is linked to market conditions.

As interest rates have risen, the value of the underlying investments has fallen so on cash-in, the investor will certainly get less than he invested.

What will the Chancellor do about it? Sir Keith Joseph this week confirmed that life assurance funds would still continue to receive their favourable tax treatment. But he did not apparently confirm that there was no immediate prospect of change in the tax relief available within the savings sector.

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ERIC SHORT

This is still being studied.

The Chancellor can still retain tax relief on life assurance premiums, but change the rate of relief and the terms of clawing back the relief for early surrender. He could cut the rate on the gross premium from 17½ per cent to 12½ per cent.

He could also claw back the relief given in the year of cash-in if this takes place before 10 years. These two measures would hit return on income bonds.

Some companies have spelt out very carefully in their literature the effect of a change in rate. But they have not anticipated the Chancellor any further. Next year's Budget will be crucial for income bond holders.

Merchant Investors, which effectively locks in bondholders, has said it has contingency plans prepared so that if the Chancellor does hit these bonds it will give bondholders the best possible cash-in terms.

But most other companies, such as Albany Life, prefer not to anticipate events.

● Property, Equity and Life has increased the yield on its one year bond to 16 per cent. Skandia Life is paying 14 per cent on its two-year bond.

Risks of stamp collecting

TODAY IS the final day of the 1979 British Philatelic Exhibition, held for the first time at the Wembley Conference Centre.

With about 70 dealers' stands and 200 competition entries, the worth of the stamps and philatelic material at risk in the Thames Suite at Wembley, could be in the region of £10m.

Philately, at home and abroad, is big business and getting bigger. For nine days in May next year the exhibition halls at Earls Court will be taken over for the international "London 1980," to the cost of which the premium on the Rowland Hill miniature sheet recently issued by the Post Office will make its contribution.

But the dealers' stands at exhibitions and the exhibition items themselves are only the tip of an iceberg. How many people are serious philatelists or even half serious stamp collectors? How many more have collections now neglected, perhaps handed over by relatives, or begun and abandoned in schooldays? What is their worth—and perhaps more to the point, do their owners have adequate insurance?

Special insurances are available on an "all risks" basis to cover not only one's collections in the home, but also transit and exhibitions risks. These insurances have long been provided by Eagle Star, and by Lloyd's Underwriters, while Harmers, the international auctioneer in New Bond Street, has recently established a company to arrange clients' insurances. These special insurances can be

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tailor-made (and sometimes at a bespoke price) to the individual philatelist's needs, but are really for the expert, for the specialist.

But what of the ordinary collector and what of his run of the mill insurance? Our starting point must of course be the home "contents" policy which, on one form or another, the majority of people have, principally for protection against the risks of fire and theft, but also against a dozen or so other specified perils.

For the vast majority of ordinary collectors, this protection ought to be sufficient. If a collection is never going to be taken outside the home, what is the need for "all risks" insurance?

But even if the specified perils protection afforded by the average contents policy is adequate, many collectors will find the financial limits incorporated in the policy too low.

It is still the practice to limit cover for collections to 5 per cent of the sum insured. So, if contents are insured for £10,000 (a not unreasonable present day sum for a reasonably furnished four-bedroom house occupied by a family of four) then there is £500 worth of cover for stamps, £500 worth for coins and medals, and so on.

How then to break this 5 per cent limit? On application, most insurers are prepared to provide cover on a collection up to the limit required by the policyholder, an endorsement is issued or the schedule is marked with a sum insured for the collection separate from the rest of the contents.

By arranging cover in this way the collector does not get an agreed value insurance—he merely fixes a separate sum insured which is the maximum of insurer's liability in the event of damage or loss.

All insurers have their own underwriting rules to deal with requests from all kinds of collectors—and while the "small" collection may be insured without demure, many insurers are more wary about covering the more valuable collection at their normal contents terms, particularly if the collection approaches or even exceeds the value of the ordinary contents.

If say, a householder has ordinary contents worth £10,000 and a collection of stamps or coins worth another £10,000, insurers may well want a higher rate of premium on the collection, perhaps over the whole insurance, and may well want the collection kept in a safe or an alarmed area.

Quite a lot will depend on the type and location of one's home, and whether it is house or flat and whether it is an area of high crime risk.

As with other property insurances, it is for the policyholder to put a value on his collection, or if he prefers, to get a valuation from an expert at his own expense.

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YOUR SAVINGS AND INVESTMENTS 3

The abolition of exchange controls continues to encourage the launch of new funds. **Tim Dickson** looks at one particularly ambitious example.

The world at its doorstep

EQUITIES, BONDS, property or cash — from Tennessee to Timbuktu. You name it and merchant bankers S. G. Warburg will consider it. Well, not exactly perhaps, but to put it another way the managers of Warburg's new fund Selected Market Trust launched this week will have an unusually open mind about overseas investment.

Unlike most overseas funds which tend, possibly wisely, to limit their investment horizon to some corner of a foreign field, Selected Market Trust will officially have no such brief. As the prospectus says boldly: "The directors will be free to invest the assets of the fund without restriction, either on a geographical or sector basis (including the United Kingdom fixed interest and equity markets).

Certainly, the best way for an investor with less than say £20,000 to gain access to overseas pastures is through some sort of managed fund — individual share dealing, for instance may well present difficulties for the uninitiated while information on companies outside the UK is often inadequate.

But should investors consider putting their money into a fund with such flexibility? Some people, no doubt, will prefer to know that the managers are confined to the U.S. or Japan, markets which they themselves have perhaps identified as the one with the *greatest potential*. Others, however, may be prepared to chance their arm and leave all the decisions in the hands of the professionals.

The case for diversifying your portfolio, purely as a hedge against Britain, is undoubtedly strong, after all, the UK stock market accounts for less than 10 per cent of the world stock market capitalisation. The case is even stronger if you feel the country's economic growth over the medium term is going to be slower than our competitors.

This is closely bound up with the outlook for currencies, which could well determine the success or failure of the fund. Again currency management will be entirely at the discretion of the managers "who will hold cash in whatever currencies they consider appropriate."

Most of Warburg's funds (and SMT is no exception) are based offshore and comparison with the more *familiar* range of UK-authorised unit trusts is therefore difficult, and perhaps meaningless.

The company's Common Market Trust, however, has been markedly more successful than similar funds with the unit price rising almost 45 per cent since its launch in 1972.

Other European funds have partly come a cropper by getting their currencies wrong.

The unit price of Warburg's Transatlantic Trust (largely invested in Wall Street) is 14 per cent better since its birth in 1974 (against a 3 per cent increase in the Dow Jones Index). However, its Gresham Street $ Fund has not done so well, falling 22.5 per cent since 1972, against the 13.5 per cent of the Dow.

Also out this week is a "Special Situations Trust" from Tower Investment Group, only the second from the team formed earlier this year by former Britannia Arrow man Brian Banks.

The group faces one or two difficulties with this launch. Firstly, Tower has not yet had time to build up much of a track record, although it can claim that its Income and Growth Fund has slithered less far than many of its bigger rivals since it was launched at the beginning of the summer.

The team can also point to its successes at Britannia.

Secondly, the fund aims to achieve maximum capital growth at a time when income is more in vogue and when the stock market has plunged more than 100 points in a few months.

But Mr. Banks says he is confident that "we are within 10 per cent of the bottom" and that next year will see a recovery. He feels, however, that gilts will be first to show though all this assumes, of course, that Mrs. Thatcher's latest dose of unpleasant medicine does the trick.

A new variation on lump-sum investment

THE MOST tax-efficient means of making regular investment in unit trusts is through a linked life policy. Now the Chieftain unit trust group offers investors a scheme which will not only build a lump sum investment into a maximum investment regular savings plan, but will actively manage the unit trust portfolio for clients. The medium will be the trusts in the Chieftain stable.

The operation of this scheme, the brainchild of Richard Eats, is straightforward. If any investor has a lump sum of £10,000 to invest—the minimum amount—£1,000 is used for the first annual premium on a life policy the Chieftain Investment Plan, and on the policy fee, while the remaining money is put in a range of unit trusts.

Chieftain will manage the unit trust portfolio. At the beginning of the second year enough trusts are realised to pay the second annual premium of £1,000. And so on until ten annual premiums have been paid.

The investor collects the tax credit available on life assurance premiums, currently 21.2 per cent on the net premium, though he has to pay the charges for the service. At the moment, adding up the credits and debits, for each £10,000 put down the investor has £11,168 invested. At the end of 10 years, the investor *has the usual options* on maximum investment plans.

In managing its own unit trusts, Chieftain has to be whiter than white and show first that it is not churning your portfolio just for the charges.

Secondly, it must show that its decisions to switch or not to switch are purely investment decisions in the best interest of the client and not taken to support a particular fund.

For switches Chieftain has waived the 5 per cent initial management charge. The transfer of funds will be solely on a bid-to-offer basis to meet expenses.

Chieftain has also waived initial management charges on all purchases after the first

UNIT TRUSTS
ERIC SHORT

arrangement of the portfolio. When the *investments* in the life plan are switched, the first switch is also free. Transfers from the lump sum to the life plan are made on a bid to offer basis, but *there* are no other charges.

The group will also send a report to investors on the changes made together with an explanation of the rationale behind the changes. Chieftain feels that these two moves will satisfy investors that they are getting a good service.

Another feature of this portfolio management service is its individuality. Chieftain says it will first find out its clients' investment objectives and whether they are conservative or adventurous investors.

New with-profits: An extremely rare animal

A WITH-PROFIT contract from a comparatively new life company is a rare event indeed. But this is just what the TSB Trust Company, the insurance arm of the Trustee Savings Banks, has just come up with.

It was the TSB's recent entry into the home loan market which gave the TSB Trust Company the opportunity to enter the traditional with-profit life sector and add another dimension to its life assurance operations.

One of the facets of the TSB mortgage scheme is the facility to repay the loan with an endowment assurance either from the TSB trust company or from another life company. Borrowers can either use the popular "low cost" endowment—a combination of with-profits and term assurance—or the full *with-profits*.

New life companies have rigorously eschewed the with-profits sector of the market, operating instead in the linked and the non-profit, protection sectors. There is possibly a good reason for this.

A with-profit contract carries a high level of investment guarantee which has to be covered by assets. To start with, there is the sum assured (i.e., a guarantee) and to this is added each annual bonus declared. Once bonuses are declared they are also guaranteed and cannot be taken away.

Some actuaries claim it is impossible for a new life company to compete in the with-profits field, because a significant portion of the established life company bonuses comes from investment income on the free reserves built up over the years.

Nevertheless, the TSB with-profit plan does have a competitive initial bonus rate, which is *forecast at* £4.50 per cent per

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annum. The TSB will operate a triennial compound system, which means that bonuses will be declared every three years and the rate will apply to the sum assured and attaching bonuses. Interim bonuses will be paid on policies that become claims during the triennium.

How can the TSB do this without it leading to a massive capital *drain on the* TSB Central Board? In the first place, the expenses of setting up the contracts are comparatively low. Branch managers will be paid a commission, *but at a lower scale* than the Life Offices Association's maximum scale. Moreover, the commission will be paid as the premiums are received, not in a lump sum at outset.

The high costs of setting up a policy explain why with-profits business is expensive.

Secondly, the TSB has limited the amount of business transacted. These policies are being sold only in conjunction with a house mortgage and no more than 10 per cent of loans can be repaid by the endowment method. All efforts will be concentrated on using the annuity method of repayment.

Thirdly, the TSB is entering the field at a time of record interest rates. The with-profits fund's assets will initially be high income producers, especially from fixed interest holdings.

The biggest decision for anyone taking a TSB mortgage and wishing to repay by the endowment method is whether to use a TSB policy or one from another company. Several points need to be considered.

TSB Trust company is a proprietary company owned by the TSB Central Board. The company follows the fashion by guaranteeing that at least 90 per cent of the profits from the with-profits fund will go to policyholders. In the early years, however, this proportion is likely to be much closer to 100 per cent.

But TSB does not have a bonus track record. Actuaries are usually conservative in forecasting bonus rates, so this bonus rate should be maintained. The actuaries, on the other hand, may well feel inhibited from forecasting any higher figure until they have seen how business progresses—they will make their first valuation at the end of 1982.

The other unknown factor is that no terminal bonus has been forecast, although the company has left itself the option of paying one in the future if conditions justify it.

At this stage borrowers may feel inclined to stick with an established company with a proven track record, thereby removing some of the uncertainty. This would be justified by a comparison with some other life company projections.

For example, consider a mortgage of £12,000 repaid at the end of 25 years taken out by a man aged 28 next birthday and his wife aged 26 next birthday. Under the TSB policy, the net monthly premium would be £39.01 for a full with-profits and the estimated proceeds in 25 years would be £34,469.

With Friends' Provident the net monthly premium would be £36 and the estimated maturity value £41,401 (including £7,622 terminal bonus).

Using the low cost method, the net monthly premium from the TSB would be £17.82 and the profit at maturity, after paying the mortgage, £2,667. Friends' Provident takes a net premium of £16.99. The net profit is £6,009 (including £3,315 terminal bonus).

Retirement certificates

The retail price index figure relevant to encashment during December of Retirement Issue Certificates held for a full year is 235.6. This represents an increase of 17.2 per cent over the past year and one per cent over the previous month.

DECEMBER 1979 REPAYMENT VALUES (£s) FOR £100 INVESTED

Purchase month			Purchase month		
Jun	1975	182.49	Apr	1977	135.32
Jul	1975	175.17	May	1977	134.02
Aug	1975	171.85	Jun	1977	130.67
Sep	1975	170.11	Jul	1977	129.66
Oct	1975	169.13	Aug	1977	128.32
Nov	1975	167.69	Sep	1977	128.18
Dec	1975	165.33	Oct	1977	127.56
Jan	1976	163.38	Nov	1977	126.87
Feb	1976	161 37	Dec	1977	126.33
Mar	1976	159.30	Jan	1978	125.72
Apr	1976	157.28	Feb	1978	125.05
May	1976	156.44	Mar	1978	124.33
Jun	1976	153.49	Apr	1978	123.61
Jul	1976	151.80	May	1978	122.84
Aug	1976	151.03	Jun	1978	121.07
Sep	1976	150.74	Jul	1978	120.39
Oct	1976	148.64	Aug	1978	119.57
Nov	1976	146.70	Sep	1978	118.43
Dec	1976	144.10	Oct	1978	118.15
Jan	1977	142.10	Nov	1978	117.68
Feb	1977	140.24	Dec	1978	117.16
Mar	1977	136.66			

Cardiff Malting advances and pays double

After a strong second half, pre-tax *profits of Cardiff Malting* Co. jumped from £8,190 to £45,439 in the year to September 30, 1979 on turnover ahead from £512,034 to £658,527. A tax credit of £47,923 (£665) brings the net profit up to £93,362 (£8,885).

The final dividend is doubled to 1p, making a total of 1.6p (1p). Stated earnings per 20p share are up from 1.2p to 8.6p

Midway profits were £11,520 on turnover of £389,829. In August, the board announced its intention to discontinue malting activities and concentrate on the already profitable property investment side.

CWMBRAN BUILDING

A compulsory winding up order made on Monday against Cwmbran Building and Roofing has been rescinded by Mr. Justice Oliver in the High Court. By consent, the petition was dismissed.

Claiming for trading losses

WHERE AN individual makes a trading loss there are two alternative methods normally open to him for claiming tax relief. He can either set the loss against his income for that same year, or against his next year's income.

In either event, the loss goes to reduce his total income. He is therefore entitled to a tax repayment — assuming of course that he has already paid tax on the full amount of the income before its reduction by the set off.

Described as above, the loss reliefs appear simpler to visualise than is usually the case in practice. The first of the complications flows from our system of taxing traders on a "previous year" basis — income, allowances and losses each need careful scrutiny in order to identify into which year they fall for income tax purposes.

If a trader has for some years drawn up his accounts to December 31 then his taxable income for 1979/80 would normally include the following:

- Trading profits to December 31, 1978.
- First year allowances on plant bought in 1978, increased by writing down allowances on plant in use at the end of that year which had not already been fully written off or reduced by balancing charges on plant sold in that year.
- A deduction for stock relief, by reference to the increase in stock levels during the course of 1978.
- Investment and any other income for the year to April 5, 1980.

The loss which is described as being that of 1979/80 (and which he could accordingly claim to set against this income), would consist of:—

TAXATION
DAVID WAINMAN

- Trading loss to December 31, 1979.
- Capital Allowances based on 1979 expenditure.
- Stock relief for 1979.

Any one or more of these last three figures may itself be a positive amount—a trading profit, a balancing charge or a clawback of stock relief—rather than their antitheses. But if when taken together the three aggregate to a loss, then relief can be claimed.

The alternative basis upon which the trader in this situation can claim relief is by setting his 1979/80 loss against his income for 1980/81. He must, in order to be permitted to do so, still be carrying on his trade in 1980/81.

This method of claiming relief will of necessity delay his repayment. The fact that his 1979 accounts produce a tax loss (however this is relieved), means that his "income" from trading sources assessable for 1980/81 is zero.

So it would be advantageous to claim relief in 1980/81 only if his 1980/81 income from other sources were greater than his aggregate income for 1979/80. This unusual income pattern could give him a greater repayment if he claimed relief for the later year.

The complexities of loss reliefs are greater for the person who has only recently commenced trading. It is only a Revenue convention which permits an established trader to regard the loss in his 1979 accounts as being one sustained in 1979/80.

New traders who want to quantify a 1979/80 loss have to take three quarters of the 1979 loss and one quarter of that from their 1980 accounts.

But that is not the most significant of the factors which the new trader has to consider. If he sustains a loss in fiscal year in which he starts trading, or in any of the next three fiscal years, then there is available, if he wants it, a wholly different basis of claiming relief.

Among the package of reliefs introduced in the Finance Act 1978 in order to assist small businesses, was the entitlement to claim relief "three years backwards." The provisions are to be found in Section 30.

If a trader claims under that section, his loss is set off against his income for the previous three years. His 1979/80 loss, for instance, would be set first against 1976/77 income: If it exceeded that, the balance would be set against 1977/78 income, and any excess against 1978/79.

It is an essential part of the thinking behind this section that many entrepreneurs may have been highly paid employees before they set out on their own. If they can be enabled to finance some part of the growth of their businesses out of repayments of the tax deducted from their earnings, that is fair, and it is also economically desirable.

Rapid growth of any new business is almost bound to produce tax losses. First year allowances and stock relief will be large elements in this, but there must also be some inevitable "mis-matching" of income and expenditure while a trader is casting large amounts of bread on the waters. Three years is probably a realistic time-span over which to expect taxable profits.

Section 30 relief can be claimed not only by sole traders but by individuals trading in partnership. And in this case each partner's ability to claim dates from his own joining—not from the start of the partnership's operations.

The section contains also what has become the Revenue's general incantation. A loss can only be claimed if the trade was conducted commercially and profits could have been expected in the period, or within a reasonable time thereafter.

Highgate Optical slumps at halfway

Midway profits of Highgate Optical and Industrial Company fell sharply from £48,000 to £2,300 on turnover more than halved at £864,774 against £1.9m.

There is again no interim dividend—a final of 1.801p was paid last year on total taxable profits of £12,527 (£209,222).

The tax charge for the half year is reduced from £24,000 to £1,000.

The company, which distributes optical and audio equipment, reduced its holding in its principal French subsidiary, Société Parisienne de Jumelles à Prismes SA, from *100* per cent to a minority stake of 20 per cent on October 23, 1979.

In May, the chairman described the current year as one of major reorganisation and consolidation. The loss-making UK radio division was to be closed down and *arrangements* were being made to withdraw from France. The three remaining divisions, spectacle frames, optical goods and photographic and video equipment offered a sound basis from which to establish profitability in 1980, he added.

The ultimate holding company is Bayfine.

F. NICHOLLS—SIMONS

The offer by Francis Nicholls for Simons and Co. has been accepted as to 31,567 shares. Nicholls now holds or has acceptances for a total of 132,427 shares—66.21 per cent.

LOCAL AUTHORITY SPENDING AND RATE INCREASE IN 1980-81

Relevant expenditure† in *1980-81*, agreed with *local* authorities, £15.737bn

	Govt.† figs.	LA's (average)	LA's (maximum)
Add estimated cost for pay and price inflation to March 1980	£2.339bn	£2.6bn	£2.8bn
Non-relevant expenditure	£80m	£80m	£80m
Total revenue expenditure at outturn prices	£18.156bn	£18.417bn	£18.617bn
Total grants at 61 per cent	—	£11.026bn	—
To be found from rates	£7.130bn	£7.391bn	£7.591bn
Rate increase implied	13.5%	18.2%	21.7%

† Relevant expenditure is total budgeted expenditure at November, 1979, prices, less items met almost entirely from central Government funds (for example, student awards, rent rebates), together with loan charges and capital expenditure met out of revenue.

PROPERTY

Grapevine and Ginko tree

BY JUNE FIELD

"OXFORD lends sweetness to labour and dignity to leisure," wrote Henry James in *Portraits of Places*, 1883, declaring that an English country house gives an impression of idle enjoyment.

The sentiments could certainly apply to The Firs, Headington Hill, a stylish 8-bedroom house built in 1893 for William Morrell of the Oxfordshire brewing family as the dower house of Headington Hall, now the home of Pergamon Press. In an acre of tranquil woodad gardens within a mile of Oxford city centre, there's a vine claimed as "the best domestic productive grapevine in Oxford," plus a variety nf plants and sbrubs Including "a rare and aplendid example of a ginko tree," that Chinese variety with fan-shaped leaves and fruit like an apricot. Price around £150.000. Details Christopber Tennant, Buckell & Ballard, 58 Cornmarket Street, Oxford (0865 40801).

Gn west from the glories of Oxford, and the *Cotswolds* spread out before you like an elegant fan, aays some prnmotional literature from the Thames and Chilterns Tourist Board, and they are rigbt. It's a district of distinctioo, iocluding as it does Deddington Castle, and the Duke of Marlborough's Blenheim Palace at Woodstock, whose park with its lake centrepiece created by Capability Brown produced what Churchill's father Lord Randolph termed "the finest view in England."

Savills of Banbury suggest that there are three main reasons why bouse values in their area are comparatively high, and have been showing above average increases over the past two years. Firstly, during the 1960s a Government decision was made to inject new life into Banbury. "A programme of expansion was embarked upon, with substantial inducements to firms to relocate themselves from the bome counties into this market town that bad previously been very largely rural in atmospbere with a strong agricultural community. Now that the town centre redevelopment carried out under the supervision of Cberwell District Council has been completed, together with a number of other smaller office and sbop redevelopments, the town is moving out of the inevitable twilight perlod of expansion and many new *firms* are moving into the area."

Secondly, the advantages of Banbury's accessible situation close to the centre of England are now being fully appreciated. Many businessmen who have interests in the Midlands, but who at the same time need to visit London regularly, find the Banbury area *particularly* suitable for their combined requirements.

And the probable arrival, albeit long awaited, of the extension of the M40 from Oxford to Warwick has encouraged investment in properties in this area to an ever increasing degree. Although British Rail's services to Banbury are not considered over impressive (in fact it takes on average 10 minutes longer to get to London by train than it did 10 years ago), the area is bounded by first-class InterCity services on the north side to Northampton, Rugby and Coventry, and on the south side to Oxford and Didcot.

Thirdly, people are becoming increasingly aware of the unspoilt and attractive pockets of countryside in the district. The Cotswolds have long established their reputation for picturesque villages, some of which have suffered from an excess of *tourists*, but there are many nther unspoilt parcels of countryside and pretty villages, and house buyers are increasingly prepared to pay a premium for the peace and seclusion of South Warwickshire and South Northamptonshire.

For particulars of properties in the area contact Ian McConnel, Savills, 21, Horse Fair Banbury (0295 3535). Their area incorporates much of Oxfordshire Gloucestershire, Warwickshire, Northamptonshire and parts of Buckinghamshire where local values have *experienced* a sharp rise.

Although, as partner Ian McConnel admits. "It is always difficult to generalise with house values, as no two properties are identical, and it is comparatively rare for the same house to come on the market within a short period. An exception to this, however, was the sale of a house in South Northamptonshire in November, 1977, which sold at £55,000 and again in July two years later at £95,000, showing an increases of 72 per cent over the 20-month period.

"During the last 18 months we may have aeen comparatively little of people mnving bouse within the area. This is largely dne to the fact that when mortgages are short, building societies are reluctant to grant them unless the applicant has got to move *house geographically* in order to fit in with his job requirements. In addition, people are becoming increasingly aware nf *the* cost *of* moving, not only in respect of agents' and solicitors' fees, but also the ever increasing charges of removal firms plus the expense of re-carpeting and re-curtaining a new house; in addition to which some re-decoration or building works are often necessary.

"*The majority of the* purchasers, therefore, are individuals moving into the area, either as a convenient location for their place of work, or to enable them to get away from the pressures of living in or close to London. This latter part of our market is to some extent seasonal, and we may well see a slackening *of demand* as winter sets in. Unless there is a significant deterioration in the political or economic climate, we would expect this demand to be renewed next spring, anticipating that prices will continue to rise at a rate more closely linked to the pace of inflation than the very rapid increase experienced over the last 18 months."

The Firs, Headington Hill, Oxford.

Autumn colours

GARDENING

ARTHUR HELLYER

I HEAR very conflicting reports about the autumn foliage colour this year but my nwn observations, less extensive than usual and largely confined to my own county of Sussex, suggest that it is unusually good. From my study window I look over a buodred acres or so of woodland, largely native hardwoods but with a good sprinkling of larcbes, pines and firs, and there is certainly nothing to grumble about the colour there which seems to run the wbole gamut nf autumn bues frnm the soft yellows of poplars to the ricb coppery reds of some beeches and my own scarlet oak.

At Sbeffield Park, oear Uckfield, whlcb I bave visited twice in recent weeks (always, iocidentally, to find good crowds there which must be very beartening for the National Trust) the colour is rapidly building up to a crescendo. At my last call, on November 2, only the nyssas were hanging fire thnugh even with these there were eoough touches of crimson and copper to suggest tbat they were merely biding their time waiting, maybe, for the first sharp frost to reveal their quality. This can be one of the most exciting of autumn trees but it remains scarce not, I think, because of any difficulty in cultivation for it grows and colours well in my own cold sticky aod poorly drained soil, but because it seldom produces viable seed and it seems impossible to increase it readily by any other means.

Outstandingly good at Sbeffield Park were the Japanese maples, the swamp cypresses (taxndium), *several species of cornus* Including C. *florida rubra*, a number of vaccineums and, of course, the decIduous azaleas. In my *own* garden lt is the various sorbus species that are at present contriboting some of the best colour, most notably the excellent, and as yet botanically unnamed, Sorbus "Joseph Rock" with leaves as close to crimson as anyone could wish. They make the perfect background for the clusters of rowan berries which are at present lemoo yellow but will deepen to amber as they ripeo.

Almost as brilliaot in leaf colour, but a more coppery shade, is S. *discolor* but this never seems to produce any berries which loses it a good *many points in my estimation.* Botanical mystery also surrounds this Chinese species for Alan Mitchell says that the tree we all know and grow as S. *discolor* is not really that plant at all but should be called S. "Embley." Harold Hillier confirms this, adding that the name refers to Embley Park in Hampshire where the late Dr. Wilfrid Fox, who planted the magnificent arboretum at Winkworth, now National Trust property, first saw it growing. It is rather erect and narrow in babit which probably explains why it has been so popular with local authorities for street planting.

Also very good with me at the moment are the deciduous euonymus species though unhappily I bave lost *Euonymus alatus* with the curiously winged stems and ruby red autumn hues. It succumbed suddenly and unexpectedly to some mysterious disease, probably one of the soil fungi which thrive in my poorly aerated aod damp soil. I particularly like the Japanese spindleberry, *Euonymus yedoensis*, which has a looser, more elegant habit than either our native spindleberry, E. *europaeus*, or the larger fruited *E. latifolius*. E. yedoensis rarely fails to produce good crops of its very distinctive pink fruits. Again there is botanical confusion, the latest edition of Bean's monumental "Trees and Shrubs Hardy in the British Isles" concluding after a long, and at times not very assured explanation, that this is not a true species but only a variety of another species and so should be known as *Euonymus hamiltonianus sieboldianus*. I hope that nurserymen will resist the temptation to confuse their customers and encourage them to buy again, under the impression that they are getting something new, a plant that they already possess.

Magnificent colour has also come from *Fothergilla major* though this is waning now since it is one of the earlier species to ripen its leaves. The first in my garden, is always *Prunus sargentii* which on every count, flowers, habit and autumn *colour*, must qualify as nne of the best of all ornamental cherries and a tree for almost every garden large or small. By contrast the fothergilla is in an altogether different class, a shrub and not a tree, interesting but not in the least spectacular in flower and really only remarkable for its autumn foliage display. It is a shrub for big gardens that can afford to carry "passengers" for much of the year but not for little gardens for which it is essential to select plants capable of contributing something of worth at every season. It makes selection difficult but the search can be fascinating.

I mentioned *Gingko biloba* a few weeks ago as having something of this year-round quality—a distinctively erect and non-invasive habit, unique foliage which has given it the popular name "maidenhair tree" and lovely autumn colour as moonlight pale as that of any of the poplars. There are other fastigiates (erect forms of normally spreading trees) that can be equally useful even in quite small gardens, most notably the Dawyck beech, now available in purple as well as green leaved forms, the cypress oak *(Quercus robur fastigiata)* and the upright version of the tulip tree *(Liriodendron tulipifera fastigiatum)*.

Although not in the least fastigiate, *Acer griseum* with the peeling cinnamon brown bark and rich autumn leaf colour, grows so slowly that it could be much more widely planted if only it were more freely available. Propagation is the problem here but it does not account for the continuing scarcity of the dawn redwood, *Metasequoia glyptostroboides*, surely one of the best tree discoveries of the last 40 years and yet still more or less confined to the gardens of the cognoscenti. Few trees, not even the Leyland cypress, grow faster. The swamp cypress is its only rival for ferny foliage and is far more difficult to please. It makes a relatively narrow cone and, provided one is prepared to replace it every 10 to 15 years as one would a golden weeping willow, there is really no reason why it should not be grown in any medium-sized garden. But somehow the nurserymen have not caught on yet. I wonder why?

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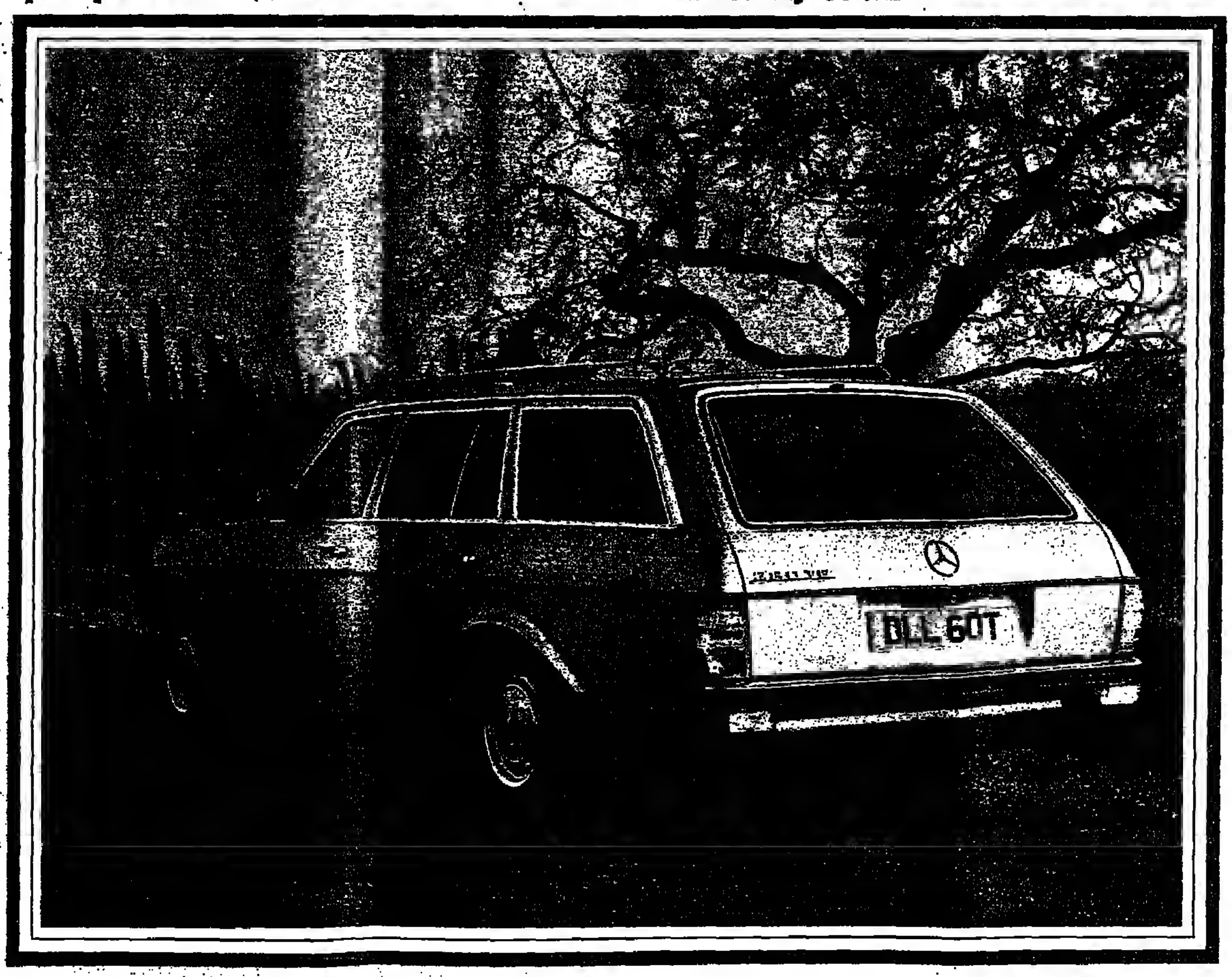

But you can then stretch this area to 1.78 metres by a simple adjustment of the rear seat.

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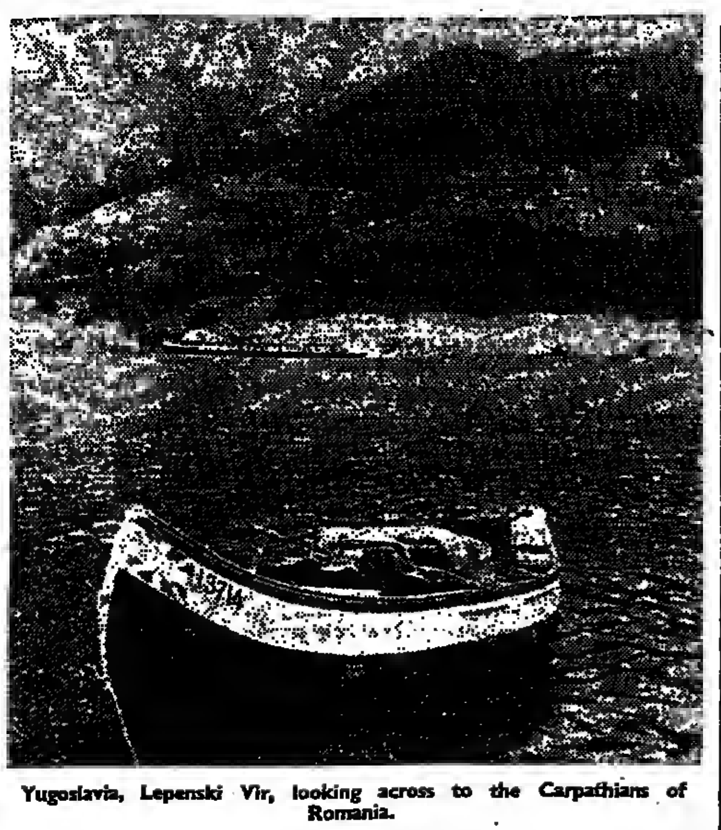
TRAVEL

Canoe venture

BY SYLVIE NICKELS



Yugoslavia, Lepenski Vir, looking across to the Carpathians of Romania.

THE TENT was pitched and we were just brewing coffee when the first fisherman arrived bearing his fresh-caught gift wrapped in brown paper. Later, a couple of shepherds came to water their flocks at the river's edge.

They showed interest in our slender canoe at rest on the pebble beach, and returned with a handsome brace of water melons. Later still, three more fishermen landed to collect frogs for bait in an adjoining poplar plantation.

We watched them row quietly away into a blazing sunset to lay their lines.

It was our 67th camp along the Danube and we were in Bulgaria, where we had come to expect this kind of social contact with shepherds and fishermen and women laundering at the water's edge.

We never, however, quite got used to the incredible generosity which kept us in fresh fruit, vegetables and fish for most of this section of our journey.

To a varying extent, there had been delightful contacts with their counterparts all along the way from Germany through Austria, Czechoslovakia, Hungary and Yugoslavia. But there had also been camps of magnificent isolation in settings ranging from rugged ravines to primeval forests, as near to a jungle as Europe can produce.

Sometimes our more common companions were lone kites wheeling out of the sky, or the golden oriole charming us with its fluting call, or a chatty colony of night herons.

These contrasts with the hurly-hurly of Vienna's docks or the busy waters of central Budapest or the pleasure boats pottering beneath the modern skyline of New Belgrade were among the great joys of the venture.

There are two kinds of canoeing. The one concerned with the thrills and skills of wild water, usually in kayaks. The second is touring, which may be less spectacular but has many other advantages.

The equipment, by most standards, is not exorbitant, and the cost of living while touring far less than on most conventional holidays. The great free bonus, of course, is the close contact with the people and places on the way.

Of course, one must be prepared for the discomforts that go with bad weather as in any open air venture. We chose to camp wild most of the time, but the majority of river banks are quite well provided with good camp sites or canoe clubs whose facilities are available to members of the canoeing organisations of other nationals.

Some kayaks are suitable for touring, the main requirement being sufficient storage space for the paraphernalia needed (usually less than you think). In my opinion, however, the better choice is a two-person Canadian canoe which, though less speedy than a kayak, is a wonderfully stable craft with considerable (comparatively) storage space.

We invested in an aluminium Grumman canoe for a journey of such length, though fibreglass equivalents can be much cheaper.

A few weeks ago, I described some of the complexities of planning a canoe journey touching seven countries, four of them requiring visas. We chose to make it a solo operation, but there are alternatives which simplify things a great deal.

Every year, for example, the International Danube Tour (officially called Tour International Danubian, or TID for short) covers the 2,000 km from Ingolstadt in West Germany to Silistra on the Bulgarian/Romanian border.

It takes two months (July-August), though few participants do the whole journey. Most undertake a two-three-week stage, some completing the itinerary over a period of three-four years.

TID—which celebrates its 25th jubilee next year—is organised by the canoe associations of the countries concerned and, in 1979, it cost the equivalent of a mere DM 30 to participate.

For this all camp sites were pre-organised, arrangements made for border formalities, and in many places sightseeing excursions and festive meals provided. Daily averages were around 40-50 km with regular rest days in places of interest.

We coincided with TID near the Yugoslav-Bulgarian border and shared camp with them for three nights. It provided a delightful meeting ground for like-minded souls of several nations and all ages—many with little previous experience—and it seemed a pity that Britain was not otherwise represented.

TID is only one of many international canoe tours that range from the huge watery horizons of Finland to the tumbling rivers of Czechoslovakia, Yugoslavia or Spain. Some include quite difficult stretches of wilder water and accordingly require more expertise.

Useful addresses: British Canoe Union, Flexel House, 45 High Street, Addlestone, Weybridge, Surrey KT15 1JV; Canadian-Canoe Association of Great Britain: Secretary Leslie H. Rowe Queen Elizabeth Training College, Leatherhead Court, Leatherhead, Surrey; International Long River Canoeist Club, 238 Birmingham Road, Redditch, Worcestershire B97 6EL.

COOKERY

Cooking by the book

BY LUCIA VAN DER POST

EVERY YEAR I am convinced that there cannot possibly be scope for another cookery book, and every year, come the pre-Christmas period when the publishers' lists are heavy with glossy and mouth-watering colourful offerings, the cookery books land on my desk in thick profusion. This year the publishers and, of course, the authors, seem to have produced an even more desirable crop than ever.

The book I most covet, is The Country Kitchen by Jocasta Innes (published by Weidenfeld and Nicolson, £7.95). This is cooking as I dream it should be—cooking that is based on a steady, rhythmical way of life, with preserving, bottling, smoking and curing being an essential part of the thrifty housewife's repertoire. It is her way of preparing for lean times and coping with gluts, as well as being a way of adding variety to the natural ingredients of the land.

The photography is exceptionally beautiful and the design of the book makes it a pleasure to look at and to handle. Many of the recipes are lovely, old classics like Brown-Bread Ice-Cream, Burnt Cream, Melton Mowbray Raised Pie but there are also exotic recipes from far-flung places.

If you want to know how to make cheese, cure your own meat, or smoke your own fish, this is the book to lead you by the hand and show you. If, on the other hand you don't want to tackle anything so energetic there are plenty of recipes that you will long to try.

Here is Jocasta Innes' recipe for rabbit pate.

Rabbit Pate

Rabbit meat, so often disappointing on its own (unless the rabbits are young, wild and herb scented), makes a light, pleasant pate, eked out with veal and pork.

1 lb rabbit meat (boned); 1 lb veal; 1 lb belly of pork; 1 onion; 3 cloves garlic; 4 oz white wine or wine vinegar; 1 tablespoon each chopped parsley, thyme, rind of 1 lemon; 8 oz speck or hard back fat; a pinch of salt; pepper; 1 tablespoon plain flour.

Dice all the meats roughly (not the speck) removing gristle and membranes. Mince them together with the onion and the garlic. Meanwhile boil up any bones and scraps with a little white wine or wine vinegar to make a stock. Mix the chopped meats with the herbs, the grated lemon rind and the speck, cut into small cubes, and season with salt and pepper.

Add a small glass of reduced stock, mixed with one tablespoon of plain flour. Pack into a dish, cover with foil, then the lid, stand in a pan of water and bake for $1\frac{1}{2}$ to 2 hours (325F, gas mark 3). Press with weights overnight.

Of all the cuisines in the world the one to which I am most attracted by temperament is that of Provence — for all who feel likewise, for whom the thought of a Grand Aioli or a Bouillabaisse on a sunlit terrace in the South spells happiness, Roger Verge's "Cuisine of the Sun" is the book that will give them hours of happiness. Published by Macmillan, at £8.95, Caroline Conran has edited and adapted the book so that readers outside of that sunlit region will be able to capture some of the flavour of the food.

If you want to take advantage of the excellent lamb about in the shops now, here is a recipe that is redolent of the south.

Lamb Estouffade
Serves 6 to 7

1 leg of lamb weighing $6\frac{1}{2}$ lb, boned by the butcher; 14 oz salt belly of pork, soaked and cut in strips the size of your thumb; $10\frac{1}{2}$ oz salt pork rind; 2 bottles ($2\frac{1}{2}$ pints) full bodied red wine; $3\frac{1}{2}$ oz coarsely chopped onions; 4 cloves garlic, peeled and flattened; 4 tomatoes (about $3\frac{1}{2}$ oz each); 2 beef stock cubes; 1 bouquet garni made up of parsley, celery, a bay-leaf, strip of orange peel, and 2 sprigs of thyme tied up with a thread; 3 tablespoons olive oil; 7 oz flour; salt; 1 tablespoon crushed black peppercorns.

Trim the leg of lamb and cut the meat into large chunks weighing about 3 oz each. Put them in a large enamelled cast-iron casserole, together with the chopped onions, peeled and flattened cloves of garlic, peeled, de-seeded and diced tomatoes, the bouquet garni and the crushed peppercorns. Pour in the red wine and the olive oil and mix thoroughly with a wooden spoon. Set aside in a cool place (but not in the refrigerator) to marinate for four hours.

Meanwhile, cut the pork skin into 1 ins squares and place in a large pan full of cold water together with the strips of belly. Bring to the boil and simmer for five minutes, then drain and refresh under the cold tap.

When the meat has been marinating for $3\frac{1}{2}$ hours, preheat the oven to 225F, gas mark $\frac{1}{4}$. Half an hour later when the meat has marinated for four hours add the drained pork to the casserole together with the stock cubes. Stir well and season with two teaspoons coarse salt. Add enough cold water to bring the level of the marinade 1 ins above the meat, and cover the casserole. Mix the flour with cold water in a bowl and seal the casserole with the resulting paste. Put the sealed casserole in the oven and forget about it for three hours.

To serve, you have only to remove the sealing crust, throw away the bouquet garni, remove any excess fat with a spoon and taste for seasoning. The stew should be served very hot, in soup plates, with garlic bread.

The rehabilitation of English food is remarkable. I can remember when you were hardly ever given an English dish when you went to dinner with the sort of people that Jilly Cooper would call the Upwards. French and Italian food was all the rage. Now the Samanthas and Gideons are deeply into English food.

Part of the reason for the change is that for years much English food was so debased that nobody with any palate, or a liking for his friends, could have served it. Now that people are rediscovering English food as it used to be we are no longer quite so surprised to learn that once English food was the envy of Europe.

Jane Grigson, one of our finest cookery writers, has turned her attention to English food and her book called, not surprisingly, English Food (published by Macmillan, £9.95), sets before us an array of classically English dishes which will surprise and delight those whose chief association of food in England is with glutinous Brown Windsor soups, paper-thin slices of grey beef and watery cabbage.

All the most evocative dishes from our past are there—Salmagundi, Whim-Wham, Almond Soup, Jugged Hare and other more rare and ancient-sounding dishes. Here to is a recipe new to me.

Worcestershire Pear Souffle
Serves 4

2 macaroons, 1 large ripe pear, juice $\frac{1}{2}$ lemon, 1 tablespoon kirsch or William pear brandy (optional), 4 oz butter, 4 oz vanilla sugar, 1 oz cornflour, 4 egg yolks, 4 egg whites.

First prepare a $2\frac{1}{2}$ pint soufflé dish, or Pyrex dish, or charlotte mould, by greasing it with a buttered paper, and shaking round it one crushed macaroon so that the crumbs form an even coating with the butter. Crush the other macaroon and keep it for the top of the soufflé.

Peel, core and chop the pear to a juicy mash. Mix in lemon, and alcohol if used. Put the butter in a basin, set it over a pan of almost simmering water and stir until it's melted.

Sieve the sugar and cornflour together. Tip it into the butter and stir to a thick buttery mass. Remove basin from heat and whisk in the egg yolks one by one. Then add the chopped pear and its juices. Beat the egg whites until they are stiff; mix a tablespoon of the whites vigorously into the egg and pear, then fold in the rest with a metal spoon—the best way of doing this is to scoop the whites on to the soufflé base, then to scrape up gently from the bottom of the basin, turning it with every scrape of the spoon.

Turn the final mixture into the soufflé dish. Sprinkle the top with the remaining macaroon crumbs. Bake at gas mark 6, 400F for three minutes, then reduce the heat to gas mark 5, 375F. Allow 30 minutes in all, and do not on any account open the oven door before 20 minutes have gone by.

CHESS

LEONARD BARDEN

RUSSIA AND Eastern Europe dominate the final stages of the world championship following the second interzonal competition, held in Rio de Janeiro last month. The three Rio qualifiers for the 1980 candidates matches were Portisch (Hungary), Petrosian (USSR) and Hubner (West Germany), all with $11\frac{1}{2}$ out of 17 and half a point in front of Timman (Holland) 11. There followed Sunye (Brazil) and Ivkov (Yugoslavia) $9\frac{1}{2}$, Balashov (USSR), Sax (Hungary) and Torre (Philippines) 9, Shamkovich (U.S.) and Smejkal (Czech) $8\frac{1}{2}$, Vaganian (USSR) 8, and six others.

The winners join Tal, Polugaevsky and Spassky (all USSR), Korchnoi (Switzerland) and Adorian (Hungary) in next year's knock-out series to settle Karpov's 1981 challenger for the world title. Compared with the last candidates series Tal, Hubner and Adorian replace Larsen, Mecking and Hort. This is more than just a gain of one place for the Russians, since Tal, the extra man, will be many people's favourite to go through and challenge Karpov if his health holds up for the next couple of years.

The challenge from the West in this year's championship cycle is significantly lessened by the elimination of Timman, on whose behalf the Dutch were making great efforts to secure special backing and training facilities for the final stages. But Timman made a poor start in Rio and indeed looked right out of contention at the half-way mark. He fought back, and there was an unexpected denouement when he caught Petrosian with only one game to go.

Two factors saved Petrosian. One was that his opponent Ivkov had an outside chance to qualify if he won and Timman lost, the other was Petrosian's vast experience of withstanding such pressure.

White: B. Ivkov (Yugoslavia). Black: T. Petrosian (USSR). Opening: King's Indian (Rio de Janeiro, 1979).

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, B-N2; 4 P-K4, P-Q3; 5 P-B3, 0-0; 6 B-K3, P-B3; 7 Q-Q2, P-QR3; 8 P-QR4, P-K4; 9 PxP.

9 . . . PxP; 10 QxQ, RxQ; 11 P-R5, B-K3; 12 N-R4! QN-Q2; 13 P-QN4 (if 13 R-R3 Black defends by N-K1; 14 R-N3, N-Q3), B-B1; 14 P-B5, N-K1; 15 N-N6, NxN; 16 RPxN, N-B3? (serious loss of time; he should undermine the white pawns by P-QR4 at once); 17 N-R3! (a good reply, for if BxN; 18 PxB. White's active light-squared bishop outweighs the doubled pawns), P-QR4; 18 RxP, RxR; 19 PxR, N-Q2; 20 N-N5, B-N6; 21 K-Q2!

Ivkov plays this part of the game vigorously and well. White's king comes into action with tempo gain on the bishop. 21 . . . P-R3; 22 K-B3, B-R7; 23 K-N2, R-R1; 24 P-R6?

Jeopardising White's advantage. In the next few moves White loses his Q-side pawns which he could have kept by the simple 24 B-Q2.

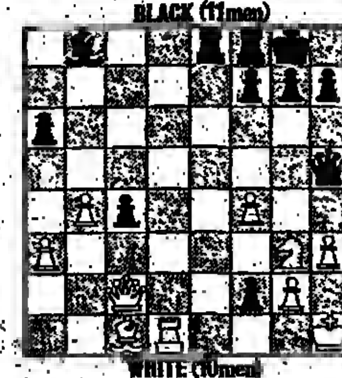
24 . . . PxN; 25 PxP, R-N1; 26 KxB, BxP; 27 BxB NxB; 28 B-K2, RxP; 29 R-QB1, N-Q2; 30 RxP, NxP; 31 B-R6, R-N1; 32 K-N1 (not 32 K-N3, N-Q4 ch; 34 K-B4, N-K6 ch winning the KNP), N-Q4 ch; 33 K-B1, N-B5; 34 P-N3, N-K3; 35 B-B4, N-Q5; R-B7?

Missing the draw 36 RxP ch, K-B1; 37 BxP, KxB; 38 RxP followed by 39 P-B4 exchanging off Black's remaining pawn.

36 . . . R-KB1 (now Black wins a pawn and the game); 37 P-B4, NPxP; 38 PxP, PxP; 39 K-Q1, N-B6; 40 K-K2, N-K4; 41 R-B5, R-K1; 42 B-N5, R-K2, and White resigned at adjournment; the black king supports the KNP's advance.

POSITION No. 294

BLACK (11men)

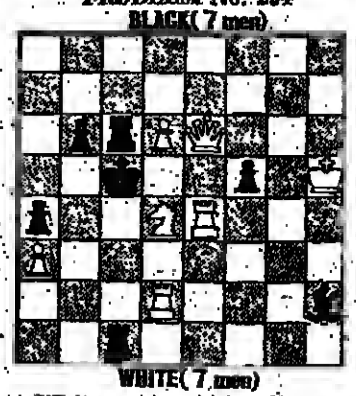


WHITE (10men)

Ehlvest v. Kenglis. USSR 1979. White to move; what should he play and how should the game go?

PROBLEM No. 294

BLACK (7 men)



WHITE (7 men)

White mates in two moves, against any defence (by A. C. Challenger, 1st prize Football Field 1906).

● Solutions Page 16

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[illegible]

By Order of the Board,
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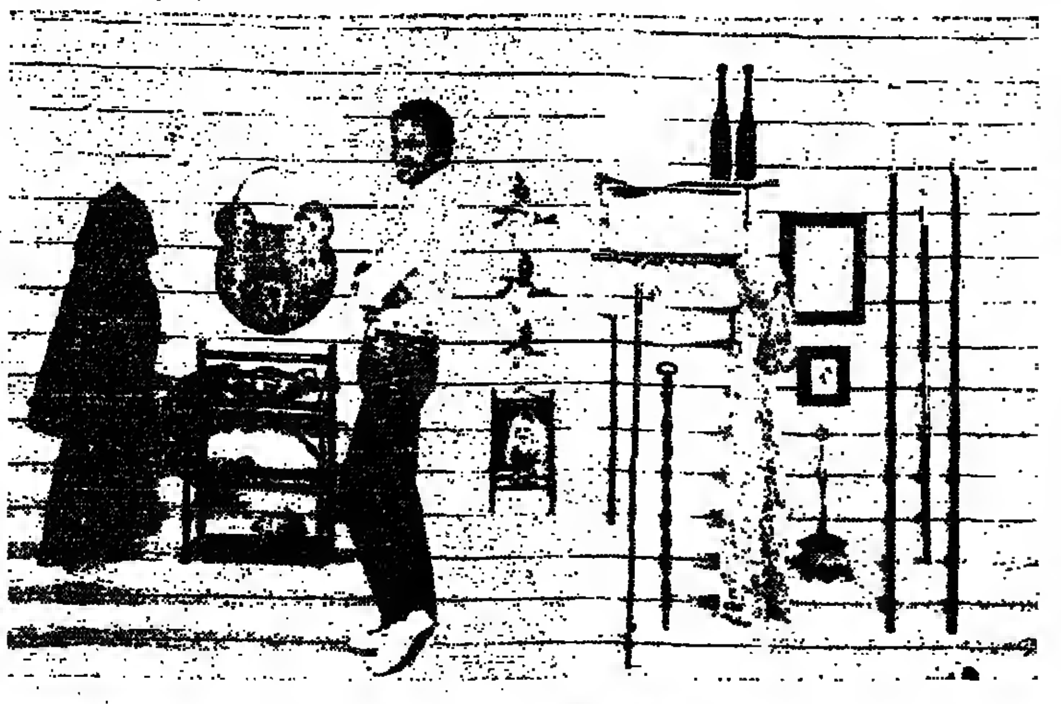
PUBLIC NOTICES

GLOUCESTERSHIRE COUNTY COUNCIL

Gloucestershire County Council bills amounting to £4,000,000 were issued on 14th November, 1979, maturing 13th February, 1980, as follows: £2,000,000 at a discount rate of $14\frac{13}{32}$% £2,000,000 at a discount rate of 15%. Applications totalled £23,000,000. The total amount of Bills outstanding is £8,500,000.

HOW TO SPEND IT

by Lucia van der Post



Guilded homes

IF YOU look carefully in the glossy magazines at the homes you most would like to have and try to analyse what it is that gives them their special character, in the end it is nearly always the relatively inexpensive but carefully chosen personal bric-a-brac. If you have taste, flair and are prepared to take trouble, you can get away with very ordinary and relatively inexpensive furniture. Colour, a gift for grouping, and an eye, are everything.

For those who need visual stimulation and love the bird's eye view of other people's homes that masses of glossy photographs of interiors give, Robin Guild has produced just the book. The Finishing Touch as he calls it, is about just that. He subtitles it. "Making the most of the things you own" (which he's seen doing above) and anybody paging through it will see at once just how much visual pleasure even everyday things can give if they are put together and placed with flair and imagination.

In the book are colour photographs of the homes of some of Britain's most gifted designers but lest anybody feel that such a book could not possibly be for them, let me assure you that very often it is simply a grouping of umbrellas in a Victorian umbrella stand, some shells from a foreign holiday in an antique glass dome, or a collection of brass jelly moulds which can give the room a wholly personal look.

Robin Guild's book is a visual delight and, for good measure, there's a strictly practical section full of sensible advice on more down-to-earth matters like lighting, arranging pictures, hanging them, caring for marble, looking after furniture and so on. Published by Mitchell Beazley it is £13.95.

Horse sense

THERE can hardly be a family in Britain that isn't at some stage touched by the horsey craze of one of its members. I remember the phase in our house only too well. It had one great advantage which was that all the rest of us could find presents for the horse-mad daughter for birthdays and Christmases for years. Her shelves are still full of all the books we gave her and her now forsaken toy-cupboard still packed with all the horsey paraphernalia—miniature horses and their tack—that once kept her amused for hours.

However, my abiding memory of those days is of the Sunday we hired, at inordinate expense, a horse-box to take her to her first gymkhana—she just had time for her pony to refuse two jumps before the skies opened and nobody else got on a horse all day.

Given that the horsey life must be filled with days like this, it seems astonishing that until now nobody has produced a practical waterproof saddle cover.

Mrs. Wynne-Williams, of the famous advertising family, has been involved with horses for many years and saw so many gaps in the market that she has set up a small mail order business which offers a whole host of ideas both for the horsey set themselves and for those looking for presents to give them.

Photographed here are two of the most useful ideas. The Saddle Slip, right, is a fully-enveloping waterproof cover which protects the saddle (and they are, after all, so expensive that it makes sense to look after them). Into the Saddle Slip you pack the saddle and with the shoulder harness it is easy to carry.

There are four different models—for general purpose (which will take tack too), for dressage, for jumping and for children. All three of the adult models are made from navy Bri-nylon material while the child-pony version is in red (for quick identification). Including the shoulder harness, the adult versions are £15.44 (p&p 25p) the child's version £14.38 (p&p 25p).

Another very useful idea is the tack bag left—all the necessary items can be stowed in the various pockets provided and the whole thing easily carried about to and from field, gymkhana or horse-show. It can be hung opened-up on a wall, where all the equipment is then visible and to hand. Conversely it can be zipped up in a moment. In buff or navy, it measures 18 in by 30 in when opened out or 18 in by 15 in when zipped up. If the horsey-phase is ever outgrown it can double up as a gardening or beach bag. £7.19 (p&p 20p). If you want to view the items do be sure to make an appointment beforehand, telephone Newmarket 5359.

Wilwyn is the name of the mail order company and for a full list send a 10p stamp and your address to Wilwyn Animal Care, Newmarket, Suffolk CB8 0TG.

There are masses of other ideas like rugs, lined or unlined, waterproof over-trousers for riding or mucking out, hunting aprons, boot carriers, waterproof boot bags. You'll never need to worry about presents for a horse-mad relation again.

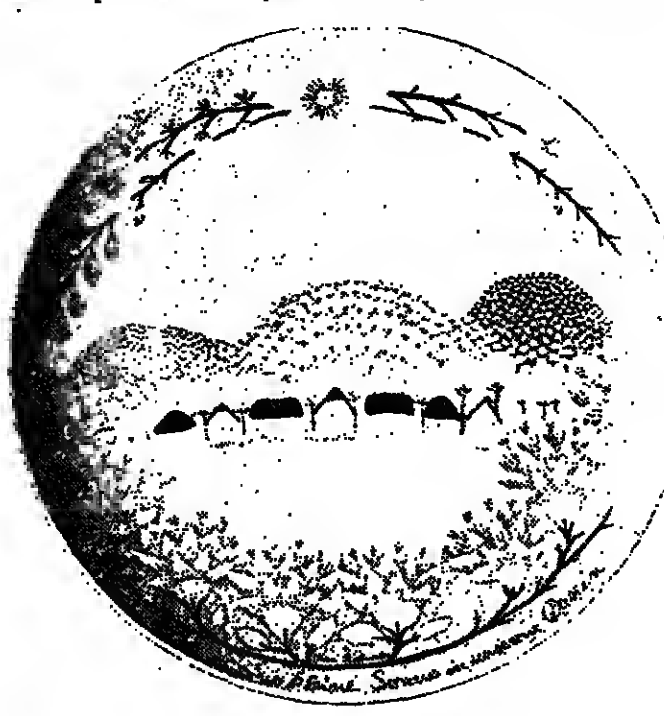
Yet another idea for the horsey child—Ann Moore, the well-known showjumper, has launched two cassettes of 80 minutes listening time altogether, in which she explains how to ride a pony and look after him correctly. The set is available from Neville and Harding, PO Box 4, Cranbrook, Kent, for £7.50 (p&p 35p).

Story on a plate

I'M NOT personally a collector of limited editions, but I know many readers are and look out for them each time a new one is brought out. Rosenthal plates are particularly popular and of all the ones that I have seen the one *below* designed by the famous Yugoslav naive painter, Ivan Rabuzin, is far and away my favourite.

His designs are so popular that Rosenthal has had to limit the number of these plates available in Britain, so anybody who wants one should buy as soon as possible. It is part of the Rosenthal Story Teller series and is being issued in an edition of 5,000. Each one, as usual, is signed and numbered. The colouring is mainly soft pinks and greens as befitting the "naif" scene. "Every flower is a little sun in our life," says the script round the side, and who am I to disagree?

Price is £85 including postage, from Rosenthal Studio-House, 102 Brompton Road, London, SW3. If you like Ivan Rabuzin's work there are also vases designed by *him* on view and sale at Rosenthal Studio-House.



Lambing time

THERE'S SOMETHING about the idea of lamb straight from the farm that seems irresistible, though, of course, most lamb in the shops must have come from some farm. Most readers who live in country districts out of London will find advertisements in their local papers for farms that will sell meat directly to the customer. Londoners don't always find it so easy.

However, a new venture has opened in Fulham to provide Londoners with this sort of service. 100 Acre Farms has opened the Hundred Acre Farm Shop at 51, Hollywood Road, London, SW10, and there meat is sold directly from the company's own farm in the Yorkshire Dales.

The company doesn't claim that its prices are the cheapest around but it does claim that the meat is among the best you'll find and that it is inexpensive for the quality of meat it is. Having tried some of the lamb myself I can only say that it was about the most tender I have ever eaten.

Lamb, of course, is the meat in the news and if you can still bear to think about the subject, now is the time to buy it. Not only will prices probably go steadily upwards (they tend to do so as the winter draws in and if and when the French bow to the Common Market ruling and sell our lamb, our prices are bound to increase) but lamb is now at its best—straight off the summer pastures.

If you have a freezer, now is also the time to stock it with lamb. 100 Acre Farms is currently selling its lamb at 69p per lb for a whole-lamb pack and 72p per lb for a half a lamb pack. Though lamb is, of course, the chief bargain to buy at the moment, Hundred Acre Farm Shop also sells beef, pork, poultry and game. The shop is open six days a week from 9 am to 5pm on Mondays and Saturdays and from 9 am to 7 pm for the rest of the week. The shop is closed on Sundays.

Tray bon

ROBIN and Mary Ellis will be familiar names to many readers, for several years ago they started a small business of their own based on solid wood, hand-turned objects. They began with wooden eggs, all smooth as silk to feel, made from a wide variety of woods, both indigenous and exotic.

From there they began to make modern domestic wooden objects—treen, to give them their proper name—which were devised in conjunction with Susan Benjamin of Halcyon Days, 14 Brook Street, London, W1.

This year they have produced yet another idea based on wood. They had noticed that it was almost *impossible* these days to find good solid wooden trays of the kind that were once the staple of every bourgeois Victorian family. Many people, apparently, wanted them and asked for them in shops only to be told that nobody nowadays makes them.

Well, here is a very good modern version photographed right. There is a series of trays of which I like the sturdy butler's tray the best. In English Oak (pale corn colour) or Elm (soft brown), they measure 24 in by 16 in by 1¼ in and are £19.25 each.

For the rest of the series, there are tea trays made from a whole variety of woods—Indian Rosewood, American Black Walnut and English Yew. Personally, I like these less than the butler's trays. They are a little on the dainty side for my taste, but I expect they will be just what many people would like. In Indian Rosewood they are £38.55 and in American Black Walnut and English Yew they are £33.95. They all measure 18 ins by 12 ins and have gilt turned handles.

Finally, there is the cocktail tray, which is very plain, having no handles at all and measuring 18 ins by 9 ins. In Indian Rosewood it is £21.05, in American Black Walnut or English Yew it is £17.03.

All the prices quoted above include postage and packing when they are ordered directly from Robin and Mary Ellis, 4 Bartlow Road, Linton, Cambridge.

Present time

Jan Wheeler

MOST children need a watch and for those who don't already have one, Christmas is a splendid opportunity to give one as a present. Parrots of 56 Fulham Road, London SW3, sells a very nice Mickey Mouse watch for £7.80 (including p&p) which most children would love. It has a beige strap and a round face with Mickey Mouse in the middle and straightforward numerals.

Particularly for boys, this sporty watch, left, seems to me phenomenal value at £11. It has a good tough sporty look to it, a smart dark French navy strap, and it not only seems to keep excellent time (I bought my son one over a year ago) but also gives the date. Buy it by mail from Swiss Time, PO Box 5, Seaford, East Sussex.

MOTORING

Budget version

BY STUART MARSHALL

IT WAS ALL rather like meeting someone you hadn't seen for 20 years, expecting him to be different and finding out that really he had not changed at all.

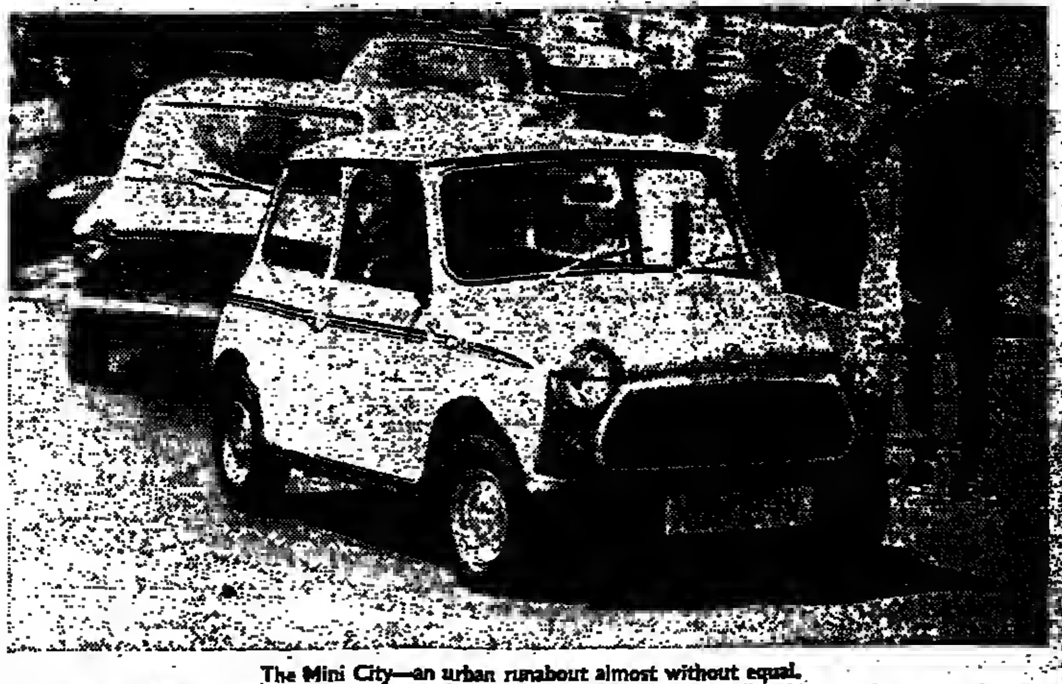
You remembered him as a cheerful little ruffian and reckoned that by now he would have settled down into maturity, even middle age. But no; he was the same willing worker, he still lacked polish and hadn't lost the habit of raising his voice unnecessarily.

If you haven't already guessed, I'm talking about a car, not a person. About the Mini, in fact. For the past week I have been using a Mini City—why not Mini Citi, I wonder?—which is the new name for the oldest and most basic Mini of all, the 850. BL Cars call it their budget version nowadays and even reduced the price by £123 compared with the previous 850 when it was introduced in the summer. It costs £2,289 and is easily the cheapest British made car though not the cheapest car on the British market. That title still goes to the Fiat 126 (£2,008) followed by the Citroen 2CV6 (£2,072) and Skoda S110R (£2,129).

Although it is cheaper than the old 850, the City has a nicer interior, with houndstooth check cloth seat panels instead of plastic. The exterior trim is mainly black.

I had not driven a Mini seriously for several years and had forgotten how accurately and almost twitchily quickly they steered. The seating position seemed less cramped and uncomfortable, at any rate for a 50 mile journey, than I had remembered. The steering column control for the two-speed and flick/wipe and wash was a welcome improvement; the single dial with speedometer and fuel gauge was traditional but adequate. There was room for plenty of odds and ends on the front shelf. And the visibility over the almost non-existent bonnet was so good one was encouraged to make use of every square inch of road space when squeezing through heavy traffic.

The Mini always has been at its best in crowded traffic and the "City" tag could not be more appropriate. It is rare indeed to be stuck for parking space in a Mini. One occupying a meter bay all on its own still looks like ridiculous extravagance.



The Mini City—an urban runabout almost without equal.

The short vertical gearshift was much better than the old whippy one that always felt about three feet long. I'm sure customers of the up-market Minis are right to demand wind-up windows, but I'm equally convinced many City owners would put up with sliding glass so they could have those marvellous door panniers again.

Each, as I recall, would easily hold six bottles of wine. There are still a couple of bins in the back, but they are too awkwardly placed to be of much use for stowing shopping.

On paper, the Mini City's performance is negligible (70 mph maximum and about 21 seconds from a standstill to 60 mph, thrashing the engine and snatching at gears) but in practice it more than holds its own in town. Fuel consumption is very good—the official figures are 39.3 mpg in town, 48.7 mpg at a steady 56 mph. In the recent BP-sponsored economy run, Minis won both classes for the smallest-engined cars. But on the open road the Mini really does show its age.

Twenty years ago people did not expect to enjoy the radio in small, cheap cars on long journeys. In town, the noise level is still tolerable and the Unipart push-button set (an extra) in my test Mini City even gave good Radio 3 listening in London on medium wave. But at anything over 55-60 mph the mechanical clamour drowned the radio and at 70 mph I could hardly hear myself think. Engine, fan and transmission gearing are all equally to blame and there is a lot of tyre rumble and thump on coarse roads.

In ride comfort, too, the Mini has fallen a long way behind. On the patched roads that abound nowadays the Mini's wheels seem at times to have gone egg-shaped, so sharp is the up and down pitching. The flat cornering and ultra-nimble handling is some compensation for sporting drivers but not for family motorists.

The Mini City remains what the Mini 850 has always been—a marvellous first car and an urban runabout almost without equal. I don't think it can seriously be considered as a small family car, however. The rear seats are not as inadequate as they would appear from outside but they are difficult to enter and leave and the boot is absurdly small.

It is all water under the bridge now, but a lot of people may agree that it was a great pity nothing was done about putting the Mini's power pack into a longer and more spacious body that could have been a British equivalent of the Renault 4. Yes, I know there is the Mini van-cum-Countryman, but that is not the same thing. A five-door Mini pantechnicon with windows really would have made sense to the financially hard-pressed family motorist who camps with the children on holiday because it is either that or nothing.

And what of the Mini Metro, promised for October? The name suggests a car for urban use in the main, though it will, by all accounts, be a little bigger than the Mini. One hopes it will be a great deal more refined. But the basic Mini like the City will go on for as long as people want to buy it. Given a bit of inexpensive development (how about an electric fan for a start?) that could be for some years to come.

Off target

LAST YEAR it was motorway restaurants. This year, Egon Ronay's Lucas Guide looses off a broadside at another sitting duck—airline meals. If the intention was to get some cheap publicity, the attack was successful. But is it really fair? Far be it for me to champion airline food or motorway meals—I have more than enough of the former and manage to dodge the latter—but isn't it time Mr. Ronay came down to earth?

The last place anyone sensible would go to for a gourmet meal is a motorway service area and Britain, believe me, has no monopoly of nasty roadside eating places. And surely what air travellers pay for is fast, safe transportation, not fancy food? An adequate meal to break up a journey is one thing; haute cuisine is another. Any traveller who can't do without a gastronomic feast for a few hours can always go first class. In my experience, the food up front is often as good as you would find in a smart, expensive restaurant that isn't moving through the air at 600 miles an hour, five miles up.

Also, it seems odd that Mr. Ronay has not included in his airline league table major carriers like Singapore Airlines, Lufthansa, SAS and Japan Air Lines. I can't recall having had a poor meal on any of them. If the Ronay organisation is looking for a target for his 1981 edition, I recommend British hotel prices.

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هكذا من الأصل

COLLECTING

Portraits of houses

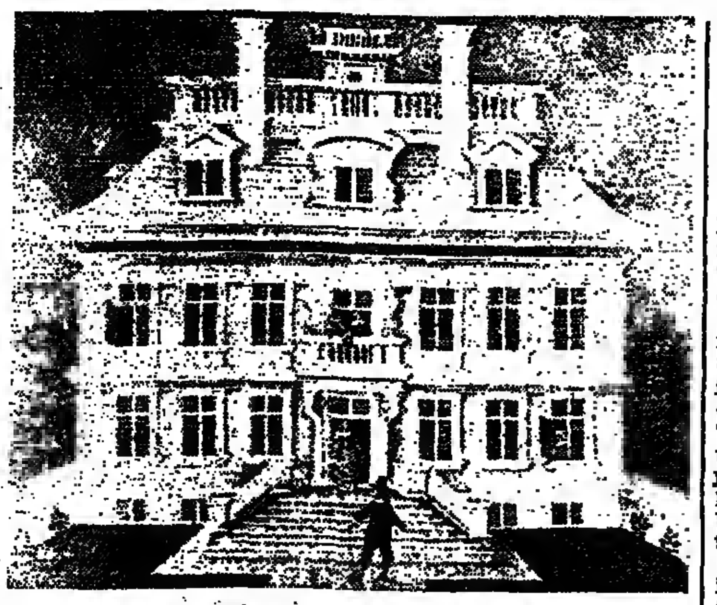
BY SYLVIE NICKELS

JOHN HARRIS is curator of the drawings collection and Heinz Gallery of the British Architectural Library and an architectural historian who contributed to the chilling exhibition of "The Destruction of the Country House" four years ago, as well as to this year's "The Garden" exhibition. His new book *The Artist and the Country House: A History of country house and garden view painting from 1540-1870* (Sotheby Parke Bernet, £37.50) offers a massive collection of over 400 paintings, prints and drawings which provides at once an evocative survey of the English country house over three centuries and a close historical analysis of the art of "estate portraiture."

Mr. Harris traces the origins of the art to the exquisite castles depicted in Pol de Limbourg's illuminations to *Les Tres Riches Heures du Duc de Berri* of 1416; but pictures of great houses were apparently few and far between in this country before the Restoration in 1660. Indeed, some of the most notable early examples are engravings of English houses published abroad, during their owners' exile—perhaps in some spirit of nostalgia. In Amsterdam Wenceslaus Hollar ("who raises topography to the level of poetry") etched a series of illustrations of Arundel House, the home of Thomas Howard. In the same city, a little later, Abraham van Diepenbeck, in engraving his monumental plates for the exiled Duke of Newcastle's *La Méthode Nouvelle et Invention Nouvelle de Dresser les Chevaux*, included little vignettes of the Duke's temporarily abandoned castles at Ogle, Welbeck, Bolsover and Bothal (which Mr. Harris calls erchaically "Bothel" and incorrectly places in Cumberland).

Nostalgia may have lent enchantment: Diepenbeck's Ogle Castle rears up in a riot of dainty spires, a faery palace that it is hard to imagine on the bleak site of the present castle, a modest mansion of around 1700.

The Restoration brought an influx of Flemish and Netherlandish painters who practically monopolised the market in painting country estates. Not the least value of Mr. Harris's careful documentation of these artists is that it may provide some antidote to the old habit of indiscriminately attributing any bird's-eye view from the end of the 17th century to Leonard (1650-1703) or Jacob (1669-81) Knyff from Haarlem, or to Johannes Kip (died 1722).



Wisbech Castle, Cambridgeshire. Anonymous painting c. 1658-9

The "bird's-eye view," which dominated the genre in the post-Restoration years, represents a remarkable feat of the imagination. Working entirely from ground level, the artist had to simulate an aerial view, usually producing an effect of being taken some 50 feet in the air. This collection of pictures reveals Jan Siberechts (1627-1703) as a notable master of the bird's eye view, the equal of Knyff, faultless in perspective and catching such charming details as the washing spread out to dry in the gardens of Wollaton Hall (1692), or a calf, alarmed by Lady Pemberton's coach as it drives away from Highgate Grove in 1696.

The bird's-eye view probably served the purpose of a more decorative sort of estate map. Towards the end of the century there becomes evident a more positive interest in the architecture of houses for its own sake. The ill-fated Henry Winstanley, who perished with his own Eddystone Lighthouse in 1703, intended to publish a whole collection of Noblemen's Seats; and alongside the bird's-eye views and the obvious architects' designs, begin to appear more self-consciously "picturesque prospects" of houses and gardens, in which the proprietors pose in pride of ownership.

Changes in the social habits of the landed gentry in the second quarter of the 18th century provided further impetus to this style of house portraiture. Increased travel, at home as well as abroad, stimulated the work of peripatetic topographical artists like Samuel and Nathaniel Buck.

The 18th-century gentleman gave profound attention to the improvement of his house and garden, and naturally wanted his achievements recorded. Balthasar Nebot, more accustomed to painting genre pictures of Covent Garden, produced for instance the deliciously theatrical series of Sir Thomas Lee's gardens at Hertwell, all topiary and formal avenues, the skies, oddly, filled with flying cranes.

Towards the middle of the century, the "cartographical" tradition merges finally with the landscape and the conversation piece. The garden conversation, with noble families serenely chatting or taking tea against the beautiful backdrops provided by their own estates, is most perfectly exemplified in the work of Arthur Devis.

Developed contemporaneously, the tradition of depicting homes as a background to sporting scenes flourished into the nineteenth century, with such evocative scenes as Anthony Devis's picture of skaters on the ice at Upton, or George Pickering's archery meeting at Gwersyllt House, Denbighshire.

By the latter part of the eighteenth century every landed gentleman wanted a landscape of his property, and Mr. Harris shows the proliferation of capable artists in a profitable line of business that produced the exemplary George Lambert, and was not disdained by Gainsborough, Constable and Turner. The rich connoisseurs of the seventeenth and eighteenth century left us an estimable architectural legacy. Mr. Harris shows how their pride of possession has provided, as a corollary, a rich and evocative tradition of painting.

Challenge for Lorna

LORNA VINCENT this afternoon bids to become the first woman jockey to win at Ascot over fences and hurdles.

The popular West Country rider who has already partnered around 30 winners under NH Rules, is on the Buchanan Whiskey Gold Cup. She will be aboard the 7-year-old Gently Does It. On the corresponding afternoon a year ago Gently Does It provided her with the winner of the Whiskey company's sister race, the Buchanan Whiskey Hurdle.

Although Gently Does It is an improving sort and one bidding for a fourth successive victory, he will have to improve dramatically on an "all-out" recent Worcester victory to figure in the shake-up.

RACING

BY DOMINIC WIGAN

His rivals include I'm a Driver and Night Nurse. The last-named does, at last, seem to be feeling the effects of an exceptionally arduous time over the past few seasons and I shall be siding with I'm a Driver.

Although Hikari has been declared to run in the Buchanan Whiskey Hurdle, I suspect we shall see him announced as absentee. Irrespective of whether he runs or not the Newmarket-trained Regalus is probably the one they will all have to beat. He is ridden (as is I'm a Driver) by Tommy Carmody, top priced at 11-2 by the tote for the Jockeys championship.

Norfolk Dance was in no way disgraced when beaten by a fitter rival in Lumen at Newbury last time out and he is given a reasonably confident vote for the Silwood Hurdle.

Haydock or Teesside will see the long-awaited re-appearance of I'm a Driver's illustrious stable companion, Gay Spartan. Dickenson plans to give the Gold Cup hope a race at Teesside on November 27 or on the Lancashire course a day later.

Incidentally Haydock sees two new sponsors on November 28 and 29 in the Sporting Chronicle and the Vaux Breweries.

SELECTIONS

1.00—Spider Man
1.35—Norfolk Dance***
2.05—I'm a Driver*
2.40—Regalns**
3.10—Tiepolino
3.40—Palace Dan

BRIDGE

E. P. C. COTTER

MY FIRST example today was dealt by East at game to East-West:

```
            N.
          ♠ Q 9 6 3
          ♡ A 8 6 2
          ◇ J 8
          ♣ K 10 9
   W.                  E.
♠ A J 10 4          ♠ 7 5
♡ Q J 10 9 5        ♡ 7 3
◇ 7 2               ◇ A 6 5 4
♣ J 6               ♣ Q 8 5 4 2
            S.
          ♠ K 8 2
          ♡ K 4
          ◇ K Q 10 9 3
          ♣ A 7 3
```

After East had passed, South bid one diamond, North said one heart. South rebid one no trump, and after a raise to two no trumps from his partner became declarer at a contract of three no trumps.

West's opening lead, the heart Queen, was allowed to win. South was an expert, and to him the duck was automatic. He could see at once that this was the classic position for a hold-up with two stoppers. This hold-up must be made if there are two enemy controls to be forced out—in this case the spade and diamond Aces—in order to eliminate the guess as to which suit should be attacked first.

South discounted the case where West held five hearts and both the missing Aces, for that meant inevitable defeat. He worked on the assumption that West had five hearts and only one Ace, and so he let the Queen win, a manoeuvre which, as the cards lay, ensured the contract.

After winning the second heart, declarer led a diamond to the Knave. East won, but as he had no card in his partner's suit to return, his lead had been deprived of any real value.

In the same way, because the heart suit was not yet established, West's Ace of spades had lost its lead-value, and the declarer was able to set up the one spade trick needed for his contract without danger.

Oh! we know all about holding up with two stoppers, you say. Agreed, but the whole purpose of this first deal is to give a background for my second example:

```
            N.
          ♠ K 6 4
          ♡ 8 5
          ◇ J 5 4
          ♣ A 6 5 4 2
   W.                  E.
♠ Q 9 5             ♠ J 10 8 3
♡ 7 6               ♡ A 4 3 2
◇ A 9 8             ◇ 7 6 2
♣ Q 10 9 7          ♣ K 3
            S.
          ♠ A 7 2
          ♡ K Q J 10 9
          ◇ K Q 10 3
          ♣ 8
```

South stayed out of the unmakeable no trump game, but by rather aggressive bidding found himself in four hearts, after opening with one heart at a love score.

He won West's club Queen with the Ace, East unblocking with the King, and led a heart. East won the second heart lead and returned the club three. The declarer ruffed, drew another round of trumps to discover the 4-2 break, and realised that he could not draw East's last trump before the diamond Ace had been removed. West took the diamond switch, forced the declarer with another club, and defeated the contract.

Why did South go down? The apparent cause of defeat is the fact that East held four trumps, but the real cause is that East, when in with the Ace of hearts, was able to return his partner's suit.

Here we are, then, back at the same principle—the hold-up with two stoppers. Where is the second stopper? you ask. It is the nine of hearts. This card is a busy trump, to use Culbertson's expressive term, and its business is to stop the clubs.

The correct play is once again *to duck the opening lead*. East overtakes and returns the club three, on which declarer throws a spade. Now when trumps are led, East's Ace has lost its lead-value. The nine of hearts is there to ruff a club *after* the diamond Ace has been removed.

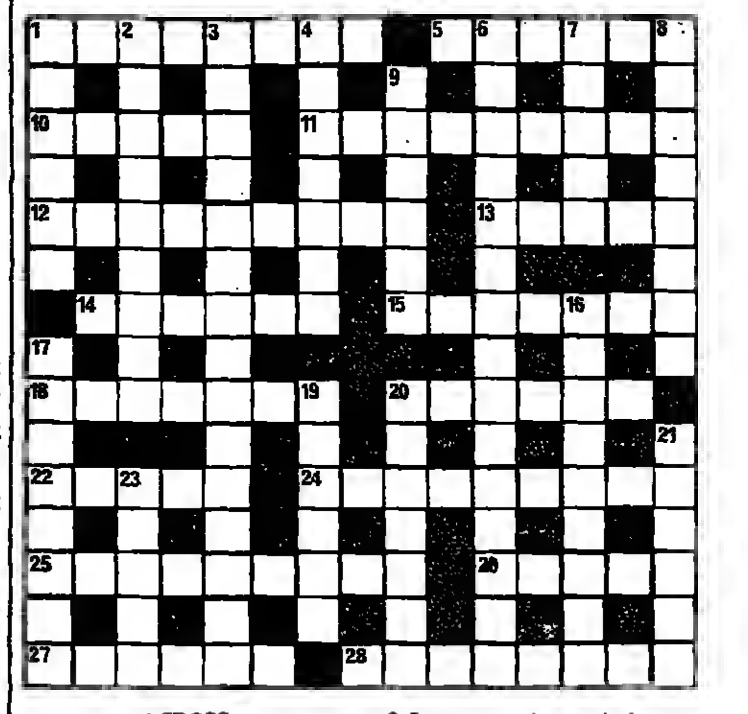
F.T. CROSSWORD PUZZLE No. 4,128

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



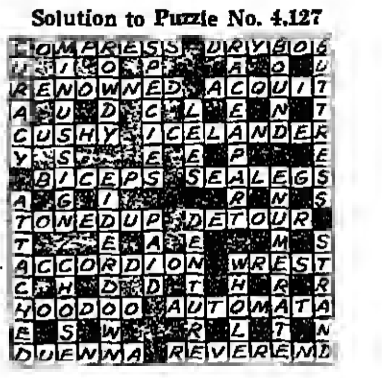
ACROSS

1 Pattern set when agency typist departed (8)
5 Puts back gold in a state of lethargy (6)
10 Share out article left by chance (5)
11 Triggers found by radio operator no longer available (6, 3)
12 Suggest that it was in sin you ate by the sound of it (9)
13 Part of lifelong attachment of crook (5)
14 Spoil Aunt Sally under water (6)
15 Small poster is about a pound (7)
18 Mean to declare on time (7)
20 Boil down two short months (6)
22 A doctor about to return a warning light (5)
24 Strange tales are finished end they slip by (5, 4)
25 Throw gold on fuel used as medicine (6, 3)
26 Stagger into a labyrinth (5)
27 In mood maybe for masked disguise (6)
28 Stopped a communist who embraced the others (8)

DOWN

1 Something to smoke turns up after a sort of square like King Lear (6)
2 Drink extorts money from a swimmer (4, 5)
3 Lower one's capital cover and abandon restraint (3, 4, 4, 4)
4 Departure with a will during trial by airman before end of day (7)
6 Abscond to holiday in Brittany maybe (4, 6, 5)
7 Front of ship left in search for prey (5)
8 Engineers' gaudy dress for purifying plant (8)
9 Stroke has trouble on board (6)
16 Month the French rave about person making legal affirmation (9)
17 Graduate knifed for giving all sides of the question (8)
19 Station disorganised on Tues. (6)
20 D—— Dickensian is a resident (7)
21 Turn up for a motor-cycle race before finish (6)
23 A brush could make me sob (5)

Solution to Puzzle No. 4,127



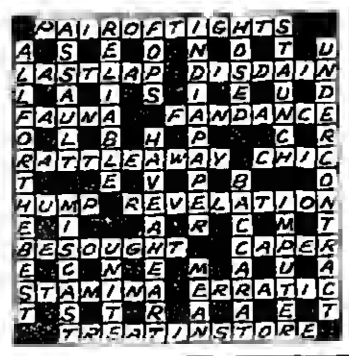
SOLUTION AND WINNERS OF PUZZLE No. 4,122

Following are the winners of last Saturday's prize puzzle:

Mr. R. Gedling, 27 Wallace Fields, Epsom, Surrey KT17 3AX.

Mr. A. Leese, 53 Chieveley Drive, Tunbridge Wells, Kent, TN2 5HQ.

Mrs. M. M. Thomson, 54 Strachan Road, Edinburgh EH4 3RG.



ARTS

Winners and losers

The Radio Awards, administered by the Society of Authors and Pye Limited, whose winners were announced this week, are now four years old. I have attended three of the four presentation ceremonies and have observed a steady escalation of pretension. The first one I went to when the Awards were sponsored by Imperial Tobacco was held appropriately at the Institute of Electrical Engineers on Savoy Hill. It was a wine and cheese party presided over by Asa Briggs at which many of the writers nominated and producers of programmes were present. Last year, still under Imperial Tobacco, the ceremony was uprooted from its radio soil to the British Academy of Film and Television Arts' plushy main auditorium in Piccadilly. Huw Thomas was the jocular MC and the prizes were sandwiched in between film clips, demonstrations of equipment and live dancing girls. That somehow did not seem quite right for radio.

This year, the first under Pye, clearly no expense had been spared. There was a luncheon for several hundred people, largely from the radio equipment industry, in one of the banqueting suites of the Savoy Hotel with the Minister of the Arts, Norman St. John Stevas, as the guest of honour, and many evergreen names from showbiz and radio; Dame Anna Neagle, Eamonn Andrews, Roy Plomley, Peter Brough, to present the awards. Barry Norman was compere of the show. At the risk of sounding ungracious to my hosts I must say that all this did not seem quite right either. Aping the Hollywood Oscar ceremony does not work at all well for the sophisticated medium of radio Britain.

RADIO

ANTHONY CURTIS

The concept of these Awards has been pioneered by the highly active Radio Writers' Committee of the Society of Authors, who have done excellent work in negotiating a reasonable level of fees for their members in many areas of radio-writing, notably drama scripts. Their purpose is to boost the morale of those whose main creative effort goes into working for radio where awards (and rewards) are somewhat thin on the ground. This is an understandable and laudable aim but there are special problems with radio awards. By its nature an award is the outcome of a competition conferring prestige not just on the artist or writer who wins it but on the company that promotes or produces him. Network radio in this country is the monopoly of the BBC who must therefore always take the lion's share of the awards. Inevitably the ceremony has the hollow ring of one inside the Soviet Union where all the awards go to rusty members of the Communist Party. In fact this year all the awards, even those covering local radio where IBA stations were in contention, went to programmes put out by the BBC. The good work done in investigative radio and counselling by many IBA stations, programmes like Jane Walmsley's searching survey of the housing situation in the metropolis, *Londoners Don't Live Here Any More*, was ignored by the judges.

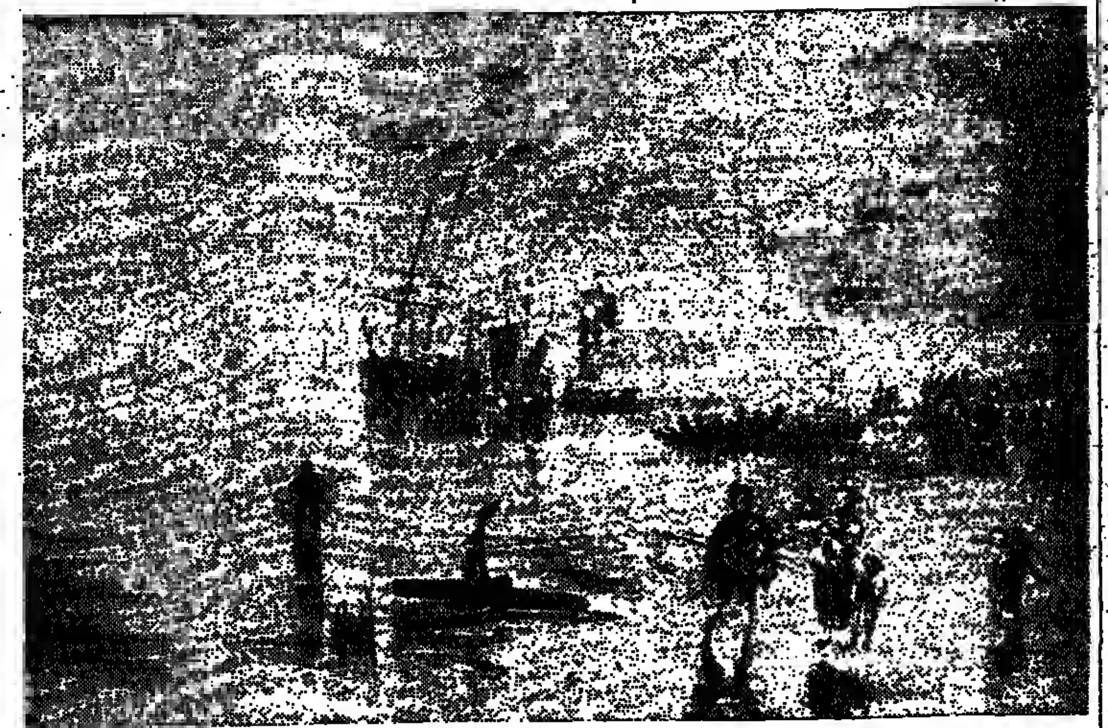
Or maybe they listened to it and many other IBA programmes and decided that in every instance there was a BBC one that was superior. If so it was a strange decision and it makes for a very dull competition where all the prizes are won by dear old auntie. It would at any rate have been interesting to have been told the identities of the anonymous panel of 12 who judged the awards, "members of the Press, the Society of Authors, and four members of the general public" and to have heard from a spokesman for them of their criteria for making this decision.

One or two of the programmes honoured were remarkable by any standards and I was glad to see them receiving wider recognition. David Spenser's production of the play *Strands* set on the Riviera by Severo Sarduy (a Cuban who lives in Paris and was not present at the ceremony) was a worthy winner of the award for the best production; and so were Shirley Gee for her play *Typhoid Mary* and Angela Carter for her dramatised documentary on Richard Dadd, *Come Unto These Yellow Sands*. John Theocharis won two awards for his remarkable programme *Springs of Memory* in which the Belfast playwright Bill Morrison was put under hypnosis and regressed back to the womb. No one who listened to that astonishing piece of work is likely to want to question its fitness to win more than one award. But if these radio awardsare to carry real prestige the formula needs re-thinking.

Turner's picturesque views

BY BRIONY LLEWELLYN

Flint Castle: a shrimper holding his net gives a shrimp to a baby in the arms of a girl with a bright green apron; in the background sailing boats lie before the castle, enshrouded in mist; the setting sun casts a path of white light over the sea. The picture is by Turner and is one about which Ruskin, that great defender of his art, was more than usually enthusiastic, calling it "the loveliest piece of pure watercolour painting in my whole collection." *Flint Castle* is one of the 96 watercolours Turner painted between 1825 and 1838 to be engraved for the series "Picturesque views in England and Wales." Originally 120 watercolours had been commissioned but they did not sell and the financial ruination of the publisher, Charles Heath, prevented the series from being completed. Although Turner himself then bought up the copper plates and the entire stock of prints, the watercolours had already been dispersed. They are now scattered throughout the world in public and private collections.



'Flint Castle,' by J. M. W. Turner

Turner produced several series of watercolours for engravings during his career and in his own "Liber Studiorum" grouped landscape sketches into categories ("historic," "pastoral" etc.). Sometimes one or more of his oils has a linking theme. Ruskin, writing of his "peculiarities," remarks "his earnest desire to arrange his works in connected groups, and his ardent intention with respect to each drawing, that it should be considered as expressing part of a continuous system of thought." The thread running through the "Picturesque Views" is not a topographical survey of monuments and landscape but contemporary everyday life, set within the urban and rural scenery and climate of England and Wales. The more that can be seen together, the more comprehensive is our view of the life and land they portray. Thus the opportunity presented by Agnew's exhibition of well over half the watercolours now extant, is a valuable one. Through the generosity of their owners, nearly all those still in Britain are on display, with the exception of the group in the British Museum Print Room who will not lend to commercial galleries, and with the addition of one from Adelaide, Australia, making the largest group shown together since 1833. The series is completed by the engravings.

Other than a few obviously related pairs published together, such as *Orford* and *Aldborough*, close both in geography and mood, Turner left no indication as to what sequence the watercolours should follow. He had a completely free hand in his choice of subject and how he interpreted it. He painted first the places for which he already had sketches, and later went on excursions to gather fresh material; the engravings were published more or less as he finished the watercolours. But although the series has an underlying theme, each picture can be appreciated independently on its own merits, as embodying a small section of English or Welsh life. One depicts an historical event, another a technological innovation, another a contemporary custom; we are shown town life, school and university life, country sports, fishing in both seas and rivers, farming, children playing, travellers, soldiers, sailors, politicians, and so on, almost *ad infinitum*. The characters are enveloped in the ever changing British climate, and reciprocate its mood: the fury of a storm at sea is emphasised by the distress of the shipwrecked, the power of lightning by the sheep and shepherd it has struck, a golden summer's day by a girl with a parasol. Beyond this we can read as much significance as we like into particular figures in a particular setting, but always they reflect the atmosphere of their environment; they are part of it, united to it by Turner's magical manipulation of light. They play a vital part in the structure of each picture, setting up diagonals, circles, V forms and X forms to draw the composition together.

Capturing so much of the vicissitudes of human existence in his watercolours, Turner was naturally concerned that the engravings should convey as much as possible of their spirit. He kept a tight, not to say interfering rein, on the engravers, correcting their work with every scrape of the burin. The results, as the prints at Agnew's show, justify every effort they made and are almost as much an expression of Turner's artistry as if he had engraved the copper plate himself. A complete set of these recreate well enough his "continuous system of thought."

The exhibition, which continues until December 7, closely follows the publication of the book by Eric Shanes, "Turner's Picturesque Views in England and Wales, 1825-1838." This describes the history and interprets the significance of the watercolours and engravings, and illustrates all of them, the majority in colour, each one with an individual comment; there is also an illuminating introduction by Andrew Wilton. The book is published by Chatto and Windus in conjunction with Book Club Associates at £12.95.

National plays for TV

Granada Television has reached an agreement with the National Theatre to make television productions of its repertory of plays for showing throughout the world. Granada has already presented on television one NT production, *No Mans Land*, with members of the original cast headed by Sir John Gielgud and Sir Ralph Richardson.

The agreement is for a minimum of six National Theatre productions over the next two years and the first three in the series are likely to be Alan Ayckbourn's *Bedroom Farce*; Congreve's The Double Dealer and Maugham's For Services Rendered. The television versions will aim at faithfully reflecting the original stage productions in television terms.

Falstaff

BY ELIZABETH FORBES

Verdi's *Falstaff* is a formidable undertaking for students, and the Opera Class of the Royal Academy of Music can be accused neither of lack of enterprise nor of want of courage in presenting four performances of the aged composer's comic masterpiece in the Sir Jack Lyons Theatre. Boito's text is sung in Italian, which puts yet one more burden on the young singers' already heavily loaded backs. So, though I fully appreciate the reasons for choosing the original language—more useful for the students, no really good modern translation available, everyone knows the Shakespeare-derived plot anyway—I think on balance the choice is a mistake, though Italian pronunciation generally sounds respectable.

Christopher Renshaw has sensibly geared his production to the youth and energy of his cast; there is no striving after pathos, both Falstaff and Ford are taught a sharp, painful lesson. The scenes of action, in Ford's house and in the Park, are riotous, but contained within a severely-disciplined framework. The scene for Herne the Hunter's oak is particularly successful, with the leafy branches wielded by the "fairies" encroaching on a recumbent Falstaff in Birnam-Wood-shall-come-to-Dunsinane fashion. Paul Hernon's multilevel basic set, of brick walls from which the paint is peeling, topped by solid-looking beams, transforms easily from Garter Inn to burgher's house to park at midnight.

The performance is fortunately strongest at the two points where strength is absolutely essential: the conductor and the title role. Gordon Kember, a benevolent despot in the pit, keeps ensemble splendidly together, obtains sensitive playing from the orchestra, and encourages the singers to shape their music expressively while himself giving the score a pleasing overall shape. The few mishaps arise when singer and conductor lose visual contact. Stephen Williams as Falstaff sings with impressive security and admirably firm attack; he also makes a good attempt at characterisation, though naturally some facets of the role elude him. This fat knight is not pathetic, and not very genial either; he seems to be greedy for money rather than drink, food or women; but the performance hangs consistently together.

Christopher Ball, an apoplectically jealous Ford, is apt to lose clarity of diction when enraged, otherwise he too builds up a believable personality. Paula Boyd launches fearlessly into Alice Ford's long phrases, projecting a smallish voice with skill and confidence. Jean Rigby copes discreetly with Mistress Quickly's low-lying music and displays a nice sense of fun. Jill Washington, an attractive Nanetta, sings with suitably pure tone. Her Fenton, Timothy Evans-Jones, has an Italianate ring to his voice; once the top has knit up a little more (he used to be a baritone) it should make a useful lyric tenor. Michael Hamlett's grinning, adenoidal Bardolph stands out among the smaller roles, all well taken, as a clever and amusing character sketch.

Isolde change in WNO production

A change of cast has been announced for the further performances of Welsh National Opera's production of *Tristan und Isolde*. Margaret Curphey, who was originally to have sung Isolde at all performances, has asked to be released due to ill-health.

The performances on November 24 (Snape Maltings), December 1 (Liverpool Empire) and December 8 (Bristol Hippodrome) will be sung by Anna Green who is a member of the Deutsche Oper Am Rhein and has sung Isolde in both Berlin and Mannheim.

Linda Esther Grey, who took over the first five performances, returns to WNO for the performance at the Dominion Theatre, London (December 15).

The five performances in the New Year (Cardiff New Theatre March 8, Oxford New Theatre March 15 and 22, Bristol Hippodrome March 29 and Birmingham Hippodrome April 5), will be sung by the American soprano Johanna Meier.

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am The World of Rugby. 9.30 Multi-Coloured Swap Shop. 12.12 pm Weather. 12.15 Grandstand: Football Focus (12.20); Racing from Ascot (12.50, 1.25, 1.55, 2.30); Squash (1.10, 1.45) The Northampton World Masters; Tennis (3.50, 4.05) Benson and Hedges Championships; Rugby League (3.20) John Player Trophy semi-final: Bradford Northern v Wakefield Trinity; 4.40 Final Score.
5.05 Who Killed Who?
5.15 News.
5.25 Sport/Regional News.
5.30 The Basil Brush Show.
6.00 Dr. Who.
6.25 Larry Grayson's Generation Game.
7.20 Secret Army.
8.10 Mike Yarwood in Persons.
8.40 Dallas.
9.30 News.
9.40 Match of the Day.
10.40 Parkinson with guests.
11.40 Weather.

All Regions as BBC1 except at the following times:—

Scotland—3.20 pm Grandstand (European Indoor Hockey). 3.50 Rejoin BBC1 (Grandstand). 4.55-5.05 Scoreboard. 5.25-5.30 Scoreboard. 9.40 Sportscene. 10.10-10.40 Scotch and Wry. 11.40 News and Weather for Scotland.

Wales—5.25-5.30 pm Sports News Wales. 11.40 News and Weather for Wales.

Northern Ireland—3.15 pm (Grandstand) Rugby: Inter-Provincial Championship. 4.05 Rejoin BBC1 (Grandstand). 4.55-5.05 Scoreboard. 5.25-5.30 Northern Ireland News. 11.40 News and Weather for Northern Ireland.

BBC 2

12.05 pm Open University.
2.15 Lucky Luke.
3.30 Play Away.
3.55 Saturday Cinema: "Texas Carnival" starring Howard Keel, Esther Williams and Red Skelton.
5.05 Horizon.
5.55 Grapevine.
6.25 A Diary of Britain.
7.05 News and Sport.
7.20 Ice Skating.
8.05 Wayne Sleep in "Adam's Rib" (Jazz ballet for television).
8.55 Film International: "The Life of Chikuzan" (from Japan).
10.55 News on 2.
11.00 Tennis: Benson and Hedges Championships (highlights).
†11.50 Midnight Movie: "The Teckman Mystery," starring Margaret Leighton.

LONDON

8.40 am Sesame Street. 9.40 The Beachcombers. 10.05 Superman. 10.30 Tiswas.
12.30 pm World of Sport: 12.35 On The Ball; 1.00 International Sports Special (Part 1): Sport And The Cinema; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newcastle; 1.45, 2.15 and 2.45 from Warwick; 3.10 International Sports Special (Part 2): All-Ireland Hurling Final (Galway v. Kilkenny) and Gaelic Football Final (Dublin v. Kerry); 3.50 Half-time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.
5.05 News.
5.15 Happy Days.
5.45 Chips.
6.45 Mind Your Language.
7.15 The Incredible Hulk.
8.15 Freddie Starr's Variety Madhouse.
9.30 The Professionals.
10.00 News.
10.15 Two People.
11.15 Saturday Night People.
12.00 George Hamilton IV.
12.30 am Closer: Personal choice with Sydney Tafler.

All IBA Regions as London except at the following times:

ANGLIA

9.35 am Talking Bikes. 10.05 The Woody Woodpecker Show. 10.30 Saturday Banana. 12.00 The Best Disco in Town. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 Late Call. 11.20 Soap. 11.50 George Hamilton IV.

ATV

8.20 am The Do-Gooders. 10.00 Clue Club. 0.15 pm Professor Balthazar. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 Lou Grant. 12.10 am Devlin's Country.

BORDER

8.40 am Facts for Life. 5.15 pm Cartoon Time. 0.30 Mind Your Language. 0.00 The John Wayne Film: "The Green Berets." 11.15 Celebrity Concert.

CHANNEL

5.15 pm Puffin's Pla(i)ce. 0.18 Cartoon. 5.30 Mind Your Language. 0.00 The John Wayne Film: "The Green Berets." 11.10 To Be Announced. 11.45 Barney Miller.

GRAMPIAN

9.05 am About Gaelic. 9.30 Sesame Street. 12.00 midnight Reflections.

GRANADA

8.25 am The Do-Gooders. 10.05 Valley of the Dinosaurs. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 The Late Film: "Will Penny," starring Charlton Heston.

HTV

8.00 am The Do-Gooders. 8.40 The Beachcombers. 10.05 Batman. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Sons of Katie Elder." 12.00 The Electric Theatre Show.

HTV Cymru/Wales—As HTV general service except—5.30-6.00 pm Pwy Fasa'n Meddwl?

SCOTTISH

8.05 am Holes and Sochelot Cartoon. 9.10 Mark and Mindy. 9.40 Cub Car. 10.05 Adventures in Rainbow Country. 0.10 pm Dinah Saur. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 Late Call. 11.20 Soap. 11.50 George Hamilton IV.

SOUTHERN

8.00 am Sesame Street. 10.02 Regional Weather Forecast. 10.05 Superman. 10.30 The Saturday Banana. 12.00 Makin' It. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 John Wayne Film: "The Green Berets." 11.15 Southern News. 11.20 S.W.A.T.

TYNE TEES

0.00 am Saturday Shake-up. 9.05 Lucan. 9.55 Saturday Shake-up. 10.05 The Monkees. 10.30 Saturday Shake-up. 10.50 The Saturday Movie: "Slaves of Babylon," starring Richard Conte and Linda Christian. 12.20 pm Saturday Shake-up. 0.15 Cartoon Time. 5.30 Mind Your Language. 8.00 The John Wayne Film: "The Green Berets." 11.15 Crescendo. 12.40 am Epilogue.

ULSTER

10.10 am Talking Bikes. 10.35 Chopper Squad. 11.30 Sesame Street. 5.00 pm Sports Results. 5.15 Cartoon Time. 5.30 Mind Your Language. 6.00 John Wayne Movie: "The Green Berets." 11.15 Colgate World Mixed Golf Championships.

WESTWARD

10.20 am The Saturday Morning Picture Show: "The Ghost Goes West," starring Robert Donat. 10.45 Cartoontime. 10.55 Look and See. 11.00 Untamed World. 11.25 Gus Honeybun's Birthdays. 11.30 Space 1999. 12.27 pm Westward News Headlines. 5.15 Westward News and Sports Results. 5.18 Cartoontime. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 Saturday Night in the West. 11.45 Barney Miller. 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

8.00 am Cartoon Time. 9.10 Spiderman. 9.30 Logan's Run. 5.15 pm Cartoon Time. 5.30 Mind Your Language. 6.00 The John Wayne Film: "The Green Berets." 11.15 "The Morning After," starring Dick Van Dyke.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 News. 7.03 Playground. 8.00 Ed Stewart with Junior Choice. 10.00 Tony Blackburn. 1.00 pm Adrian Juste (S). 2.00 Paul Gambaccini (S). 4.00 Rock On (S). 5.30 It's Rock 'H' Roll (S). 6.31 In Concert (S). 7.30 Peter Powell. 10.00 Al Matthews with Discovelin'. 12.00-0.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Paddy O'Byrne (S). 8.03 Racing Bulletin. 8.05 David Jacobs (S). 10.02 Kevin Morrison (S). 12.02 pm Faith Brown with Star Choice (S). 1.02 Stop the World. . . . 1.30 Sport On 2: Football Special (1.30, 2.10, 2.45, 3.00, 3.25, 3.45, 3.50, 4.42 and at 5.00, 5.45 classified checks): Cricket (1.30, 1.55, 5.30) from Australia; Rugby Union (1.30, 2.15, 2.30, 2.55, 3.35, 4.50, 5.30) All Blacks v. Northern Div.: Tennis (1.30, 1.55, 3.15, 4.50, 5.30) Benson and Hedges semi-finals: Racing from Ascot (1.30, 2.00, 2.25, 3.05, 4.50, 5.45); Sports Report (5.00). 6.03 Pop Over Europe. 7.02 Beat the Record. 7.30 Radio 2 Top Tunes (S). 8.02 The Don Lusher Big Band (S). 8.30 Sempre Serenade (S). 9.30 Big Band Special (S). 10.02 Nordring Festival 1979 (S). 11.02 Sports Desk. 11.10 Ray Moore with The Late Show (S), including 12.00 News and 12.05 am Sports Desk. 2.02-5.00 You and the Night and the Music with Bill Rennells (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review including Building a Library (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Bandstand (S). 1.00 News. 1.05 Alistair Cooke's 1940s (S). 1.40 Frank Bridge (S). 2.00 Play It Again (S). 3.00 Jazz Record Requests (S). 3.45 Critics' Forum. 5.35 The Classical Guitar (S). 7.30 "La Clemenza di Tito" opera in two acts by Mozart (S), including 8.40-8.50 Interval Reading. 10.15 Mrs. Peckleride's Tiger (story). 10.25 Baroque Violin Sonatas (S). 11.15 Ivor Gurney: The Poet and His Songs (S). 11.55-12.00 News.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather: programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service. 10.45 Pick of the Week. 11.35 International Assignment. 12.00 News. 12.02 pm Money Box. 12.27 Comedy First. 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Saturday-afternoon Theatre (S). 3.25 Smith on Saturday. 3.30 Does He Take Sugar? 4.00 News. 4.02 There Were Giants In These Days. 4.30 Time For Verse. 4.40 The Magic of Music (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs with Ralph Richardson. 6.55 Stop the Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-night Theatre. 9.58 Weather. 10.00 News. 10.15 Encore. 11.00 Lighten Our Darkness. 11.15 The Spinners. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News; Weather, traffic, sport. 8.15 Weekend What's On. 8.30 London Country. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Time Off. 3.00-6.00 am Join Radio 2.

London Broadcasting

7.00 am AM with Dickie Arbiter. 10.00 Jellybone. 1.00 pm Sportswatch. 8.00 The London Interview. 7.00 Geet Mala. 8.00 Monty at Large. 9.00 London Rules. 10.30 Hugh and You. 10.00 Nightline. 7.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Kerry Juby's Breakfast Show. (S). 9.00 Capital Countdown (S). 12.00 Kenny Everett (S). 3.00 pm Duncan Johnson's Afternoon Delight (S). 6.00 Soul Spectrum (S). 8.00 Roots Rockers (S). 9.00 Six of the Best (S). 12.00 John Sachs After Midnight (S). 4.00 am The Collection (Classical Music) (S).

CHESS SOLUTIONS

Solution to Position No. 294

1 NxQ, R-K8 ch; 2 K-B2, P-B8=N ch! 3 K-R1 (or 3 K-N1, B-R2 ch forces the king back), N-N6 dh ch draws. In the game Black played 2 . . . P-B8=Q? 3 Q-B3! Resigns because of 3 . . . Q-K8 ch; 4 K-N3 when White's king is safe while he has the winning double threat of 5 QxNP mate and 5 QxR.

Solution to Problem No. 294

1 Q-KB (threat 2 QxR), KxP; 2 N-K6, or if K-Q4; 2 N-N3, or if K-B5; 2 QxR, or if RxP; 2 Q-N5.

TV RATINGS

w/e Nov. 11

UK TOP 20 (viewers m)

1	To The Manor Born (BBC)	23.95
2	Shoestring (BBC)	18.90
3	Blankety Blank (BBC)	18.80
4	Roots (BBC)	18.50
5	Larry Grayson's Generation Game (BBC)	17.65
6	Top Of The Pops (BBC)	16.50
7	George and Mildred (Thames)	15.95
8	Are You Being Served (BBC)	15.75
0	It's A Knockout (BBC)	15.65
10	Kiss The Girls And Make Them Cry (BBC)	15.45
11	Secret Army (BBC)	15.35
12	The Professionals (LWT)	14.95
13	Only When I Laugh (Yorks.)	14.85
14	London Night Out (Thames)	14.40
15	Coronation St. (Wed.) (Gran.)	13.95
16	Rising Stars (BBC)	13.90
17	3—2—1 (Yorks.)	13.85
18	Crossroads (Thurs.) (ATV)	13.35
19	Go With Noakes (BBC)	13.35
20	Coronation St. (Mon.) (Gran.)	13.25

Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP 10 (Nielsen Ratings)

1	Sixty Minutes (news) (CBS)	31.1
2	Eight is Enough (comedy) (ABC)	27.6
3	M.A.S.H. (comedy) (CBS)	27.0
4	Alice (comedy) (CBS)	26.8
0	One Day at a Time (comedy) (CBS)	26.0
8	Archie Bunker's Place (comedy) (CBS)	25.1
7	Jeffersons (comedy) (CBS)	24.9
8	Three's Company (comedy) (ABC)	24.8
9	White Shadow (drama) (CBS)	23.5
10	Happy Days (ABC)	23.4

CINEMAS CONTINUED ON P. 30

FINANCIAL TIMES SURVEY

Saturday November 17 1979

هكذا من الأهل

MOTOR SPORT

Motor sport is big business. Sponsors inside and outside the car industry invest sums up to seven-figures to attract publicity to their products. Although energy resources grow scarcer, the number of sponsors increases and there are more than 20,000 competitors in the UK to take their money.

Car makers rally to catch the eye of 2m enthusiastic customers

JOHN GRIFFITHS explains why manufacturers pour millions of pounds a year into racing and rallying

FOR FOUR days and three nights from 9 am tomorrow, Chester, a normally staid and elegant city of 80,000 in the North-West of England, will lie at the heart of a sporting but, in commercial terms, deadly serious battle. The combatants comprise much of the world's motor industry.

From the Soviet Union to Sweden, Turin to Tokyo, manufacturers have been converging to take part in the 27th running of the Lombard RAC Rally of Great Britain, the penultimate round of this year's World Rally Championship and, with the Safari and Monte Carlo rallies, the most prestigious. To most of the claimed 2m spectators who will watch the event "live" during its 1,700-mile progress through England, Wales and Scotland, it is sport; to vehicle, tyre and other component manufacturers, it is as integral a part of the struggle for market shares as the advertising campaigns on which the industry spends so heavily.

Few manufacturers have chosen to ignore, or have avoided being sucked into an activity which is costly, time and resources consuming and which may be increasingly called into question as the world travels further down the road of energy scarcity. And for as long as so many continue with their perverse preoccupation with the motor car—exemplified in the West German Government's retreat from imposing autobahn speed limits—the majority of makers will continue to regard motor sport participation as necessary.

Increase

Paradoxically, the number of manufacturers involved has increased rather than diminished since the onset of fuel crises in the wake of the Yom Kippur war.

Of the 26 manufacturers selling cars pitched at the volume market in Europe, 16 are represented at "works" level on the RAC, virtually all of them when private entries are included. Ford, Fiat, BL Cars, Talbot, Saab, Lancia, Audi, Autobianchi, Datsun, Toyota and Mazda all have formal representation.

General Motors' European arms, Opel and Vauxhall, despite the official "no competitions" policy of their Detroit parent, are both present in a quasi-works capacity. Their efforts are officially underwritten financially by their respective dealer networks and outside sponsorship, but nevertheless enjoying the tacit approval, and support, of headquarters across the water.

Eastern Europe's industry is represented by three Soviet Ladas, a team of East German Wartburgs and by the Czechoslovakian Skoda.

Missing from the event, therefore, are Renault, Alfa Romeo, BMW, Citroen, Mitsubishi (Colt in England), Honda, Peugeot, VW, Volvo and Mercedes.

But Renault is immersed in a major motor sport programme aimed principally at securing for the State-owned French concern the Formula One Grand Prix world championship; Alfa Romeo similarly is committed to Formula One; BMW is heavily involved in saloon car racing as, to a lesser extent, is Volkswagen, while Mitsubishi, Peugeot and Citroen rally their cars selectively at other events around the world. And it is a virtually open secret that Mercedes' big 450 SLC sports coupe will be contesting World Rally Championship rounds next year.

Thus, only Volvo and Honda currently are lacking any major commitment to the sport, accounted for, at least in part, by the particular development paths which the two companies have chosen to follow—Volvo with its special emphasis on primary safety, Honda with small capacity front-wheel-drive vehicles which, for reasons discussed later in this survey, have particular problems in terms of competing at world championship level.

These are problems, however, with which all the major contenders will themselves have to come to grips as, at least in the mass market, the world industry accelerates its transition from engines driving the rear wheels to those at the front.

Underpinning the manufacturers' participation is, of course, the conviction that by doing so they will sell more cars; and for several, notably Fiat, Renault and Ford, competition has become a cornerstone of marketing policy.

When confronted by statistics pertaining to the Lombard RAC Rally, at least some of the basis for that conviction becomes apparent:

Marketing and promotions managers previously unacquainted with the event have a tendency to scratch heads in disbelief when it is put forward, as the organisers do, that 2m people really turn out for the "RAC." But 110,000 people have been recorded as paying to watch the cars' progress through a few miles of Sutton Park, near Birmingham—more than attend Britain's other main motor sports event, the British Grand Prix. And Sutton Park, although one of the best attended, is just one of the 59 competitive stages of this year's event which itself, as a gesture to fuel concerns, has been shortened by 10 per cent.

To varying degrees, such scenes are repeated at the other World Rally Championship rounds run from North America to Australia. The WRC is just the peak of a pyramid which broadens out through hundreds of events from the European Rally Championship to those of national and regional status, many of which also are contested by the manufacturer.

Biggest effort

Since the cars used bear an obvious visual relationship to what is actually sold in the showroom—though in most cases the differences under the skin are enormous and the would-be purchaser of a "works" specification WRC car would get little change out of £15,000-£20,000 — it is into rallying that the majority of volume manufacturers have thrown most resources.

Nevertheless, although the more senior levels of motor racing tend to be the special preserve of the smaller, more performance-orientated manufacturers such as Porsche, a number of the volume makers also take part in, or encourage, the racing of their products, mostly at more junior levels: Renault, Ford, BL Cars, BMW and Mazda have all run or are running championships specifically for their volume cars to specifications which are close to their 'standard' showroom models.

BMW, however, also runs its exotic £40,000 M1 coupes in the Procar series which it has organised jointly with the grand prix circus, and which eventually will compete, mainly with Porsche, in World Championship of Makes sports car racing.

In the production activities, the connection between taking part and attracting buyers in a particular, mainly youthful sector of the market is most obvious. Not quite so obvious is Renault's decision, as a mass manufacturer geared mainly to sedate saloon car production, to hurl itself into the fray of grand prix racing.

Alfa Romeo's long sporting tradition clearly meshes in well with its grand prix activity, and the name of Ferrari has long been synonymous with grand prix. But Fiat owns Ferrari and is using its activities in exactly the same manner as Renault: to promote the company image as being at the forefront of automotive technology to audiences world-wide, for it is to the status of world-scale manufacturers to which both aspire.

With the notable exception of turbocharging development, however—a grand prix route first pioneered by Renault, now followed by Ferrari and Alfa Romeo—the extent to which the image is justified by reality is open to doubt. Grand Prix racing has come increasingly to be criticised, even from within, as a wasteful formula which could play a significant role in the development of more fuel efficient engines, but which, under present rules, in most cases does not.

Keith Duckworth, responsible for the Cosworth V8 engine now heading towards its 125th grand prix victory, has argued, it seems, successfully, that the present 3 litre—or 1½ litre turbo-charged—formula should be scrapped in favour of a fuel consumption-limiting criterion which would allow designers total freedom to develop whatever kind of engine proved most efficient.

M. Bernard Hanon, deputy managing director and manager of Renault's automobile division, says however, that its turbo engine development has proved important, and that it is also learning useful lessons in braking and aerodynamics.

However, there are conflicting views on the value of competition as a means of technical improvement which are not confined to grand prix. Mercedes, Volkswagen and some others insist that their static rig testing procedures are now so sophisticated that the old adage of competition "improving the breed" no longer holds good.

Mercedes points, accurately, to the fact that in the few long distance events in which it has taken part with virtually standard vehicles in the past few years, notably the 10,000-mile London-Sydney and round-South America marathons, it has not had an engine, gearbox or drive link failure. In contrast, Saab and BL are firmly committed to the view that competition has a role to play in product development; indeed, Saab, first into the market with a viable turbocharged 2-litre car in the shape of its 99 and 900 Turbos, puts product development ahead of marketing as its prime reason for taking part.

Rippling out from the manufacturers themselves is the involvement of component suppliers from brake lining materials to tyres to electronic ignition systems. The low profile, extra wide tyres now appearing on an ever-growing proportion of production line vehicles arise directly from the rallying and racing programmes of manufacturers such as Goodyear, Dunlop, Pirelli and Michelin.

The involvements go yet wider: sponsorship of motor sport by companies outside the motor industry, is essential to sustain the most expensive of all sports activities and, worldwide, accounts for expenditure covering many millions. At its most expensive, a major grand prix team sponsorship can cost a sponsor upwards of £1m a year.

Public relations organisations suggest that applications for sponsorship in motor sport far outnumber any other category passing across corporate desks—a fact not altogether surprising when one considers that there are 20,000 competition licence holders in the UK alone and that even the most shoe-string solo effort on an event such as the RAC would leave no change out of £1,500, with the average many times that much, quite apart from the initial acquisition of a vehicle.

Mercedes' presence is expected on world championship rounds next year

For many, where corporate objectives have been clearly identified, the investment can be a sound one—epitomised by Imperial Chemical Industries' third year of involvement in Formula II racing in Europe, where the cars used have provided a mobile test and demonstration bed for a variety of paint and plastics products of which ICI has been concerned to increase sales to Europe's motor industry, and at the same time increase corporate awareness across the Channel.

Yet manufacturers and competitors alike concede that motor sport, more than any other, has accumulated a trail of disappointed or disillusioned sponsoring companies. Most problems arise at lower levels, and from competitors over-selling themselves and failing to deliver the goods—a comprehensible if inexcusable situation given the peculiarly high costs of the sport—and companies failing to identify precisely what they are seeking to obtain from sponsorship or failing to carry out essential follow-up promotion.

The investment made by the major manufacturers in motor sport is substantial, if small in relation to turnover. The Fiat combine almost certainly is the biggest spender, with a budget this year of some £6.5m covering the grand prix racing activities of Ferrari, the racing and rallying activities of Lancia, and the Fiat rallying programme.

Is it all worth it, and to what extent can competition continue to be justified in the face of the increasing energy squeeze? John Davenport, BL's competition director, points to current use of its TR7 V8 competition cars as mobile test beds for lighter bodywork as just one area of relevance to improving fuel consumption in the 80s, and clearly there are others apart from the turbo. In marketing terms, however, a world-wide ban on motor sport affecting everyone would hardly be a disaster.

That leaves its status as a sport, a subject on which the RAC has endeavoured to place a perspective. According to its figures, when set against those attending soccer and rugby matches and other sports, motor sport does not even rank in the top 10 of fuel consumers.

"The trouble is, of course," says Peter Ashcroft, Ford's competition manager, "when Granny Brown gets passed by a rally car on the M1 when she's not been able to get petrol, she gets pretty resentful. Our problem is that we are seen to be a direct fuel user, and to some extent there is some room for putting our house in order in the running of events.

"But before a government could legitimately ban motor sport, in justice it would, for example, have to order anglers to fish waters nearest to home and only travel four to a car. And I don't think that's going to happen."

Ford takes time off to look at major changes for the eighties

WHEN THE flags falls at the start of the Lombard RAC Rally tomorrow, the Escort RS of Hannu Mikkola will lead the cars away towards what many expect will be Ford's eighth successive win in the event. It already has the 1979 World Rally Championship sewn up — a feat made somewhat easier this year by the decision of Fiat, the 1978 title-holder, to take part in only selected WRC rounds.

Win or lose, the RAC will mark the end of a 17-year unbroken involvement in international rallying by Ford, a company which probably more than any other has benefited from motor sport. Stuart Turner, Ford UK's public relations director, whose own association with competition stretches back over management of the spectacularly successful Mini Cooper programme of the 1960s and, later, Ford's own competitions programme, states emphatically that it has been a major catalyst in changing Ford's early-1960s image of a utility car maker to one spanning the spectrums of age and earnings. "The cost, in terms of results achieved, has been far more than justified."

Ford is not leaving the sport for good, nor has it decided that its benefits no longer justify the investment; rather, it is taking what European competitions director Michael Kranefuss describes as "a breather," which is expected to last for two years.

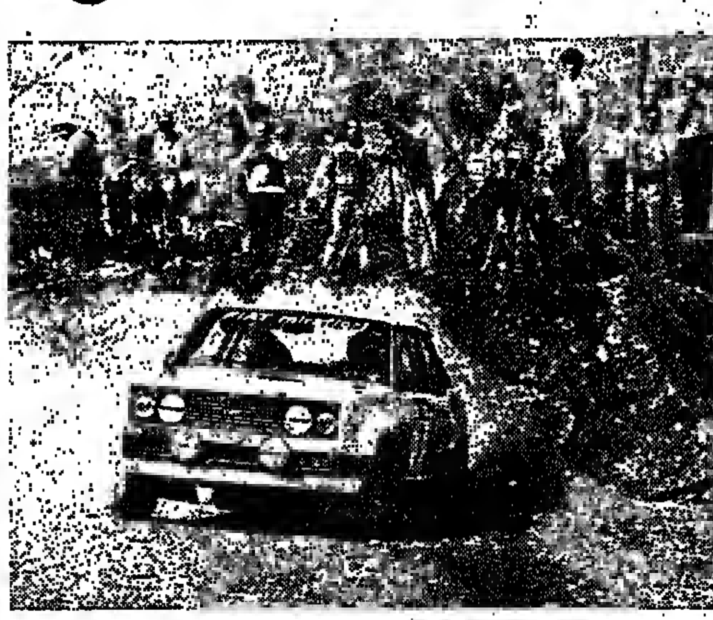
The principal reason is not hard to find. Front-wheel-drive, particularly for smaller vehicles, where transverse engines and the elimination of bulky transmission tunnels make possible much more effective space utilisation, is rapidly becoming a sine qua non for the 1980s.

Committed

General Motors is committed to the principle worldwide. In Europe, the new fwd Opel Kadetts recently replaced their rear-driven forebears and the UK version, the Vauxhall Astra, will soon go on sale—although the Chevette is to continue in production. But the eventual Ascona/Cavalier replacement is expected to take the same fwd route and the same applies to the volume cars of other makers, including Fiat's 131 Mirafiori which provides the basis of Fiat's own rallying efforts.

They will not be appearing for some time to come; but next summer the Erica, Ford's second venture into front-wheel drive—the first being the Fiesta —goes on sale and the car it replaces, the Escort, the most successful rally car yet, will be dead.

In theory, Ford should be well down the road in competition development of the new car and it would seem logical to make the competition switch at the same time or not long after the new model goes on sale. The trouble is, with the partial exception of Saab, which has been competing with front-wheel drive cars since the company started in 1949, no one has yet been able to make a fwd car go nearly as quickly on the rough, loose-surfaced roads used for rallying as a rear-wheel drive vehicle.



Fiat's 131 Abarth—a front wheel drive successor?

While it is likely that the Escort in its present form could still be winning world championship events two years from now, because the prime purpose of competition is to promote sales, there is an obvious contradiction between bringing in a "new, improved" model and having to use the old one to compete successfully.

The front wheel drive problem in competition is two-fold: rapid acceleration on loose surfaces is a major requirement for a rally car, but whereas weight transfer under acceleration gives extra bite on a rear wheel drive vehicle, it reduces it on front wheel drive cars; at the same time, the driven front wheels have to cope with the conflicting forces, and enormous stresses, of both directional changes and forward propulsion — a problem which saw Saab initially plagued with broken driveshafts when its 2-litre Turbo cars first took to the rally circuits this year. "This wasn't too much of a problem in the days of the Mini Coopers, when you were dealing with 100-125 horsepower," points out Peter Ashcroft, Ford's competitions manager, "but by comparison, today's outputs are enormous." Current works Escorts produce 260-270 brake horsepower and the five Triumph TR7 V8s which BL is running in the RAC produce up to 310 bhp.

So Ford, essentially, is taking a sabbatical, to examine options on vehicles, carry out development work on them and to work on new engines as Michael Kranefuss puts it "combining performance with economy."

For next year at least, therefore, the battle will mainly be among the "traditional" rear wheel drive cars, with Fiat, standing an excellent chance of taking the world championship should it be so moved. But there has been something of a battle between the manufacturers and FISA, the Paris-based governing body of the sport, over the structure of next year's championship and the inclusion of some new events. The dropping of other favoured traditional ones, particularly in Scandinavia, has left a situation whereby all the manufacturers are likely to choose to do only those events which best fit in with their own individual marketing plans.

Not least among the grouses is that the cost of moving cars, teams and support services around the world for up to a dozen events in a year is starting to get too high even for the manufacturers. "What we'd really like to do is get the number of rounds down to about eight, and build it up, like grand prix racing, with everyone taking part consistently and promoting the drivers as grand prix-type personalities," says Peter Ashcroft. As yet, however, while there has been a lot of talk, there are no really positive signs of the manufacturers getting together in the manner of grand prix Formula One Constructors' Association and essentially dictating terms to FISA.

Nevertheless, next year's, and 1981's, world-class competitions will be of considerable interest. Both Datsun and Toyota are reasserting a strong presence—Datsun is runner-up in this year's championship—and the biggest impact may yet be made by Opel, whose Ascona 400, a 2.4 litre, 16-valve beast of a car, has just received clearance for competition.

In addition, Talbot's new Sunbeam Lotus and Vauxhall's now well-established 2.3 litre Chevette are both capable of winning world-class events—the Vauxhall, indeed, having already done so.

But the biggest uncertainty is a major change in regulations, already approved in principle by FISA for 1982. Under these, rallying would be divided into two categories—for cars built in annual quantities of 5,000 or more, and a "supergroup" in which just 200 would have to be built.

While precise specifications for the two categories have yet to be finalised, the regulations would be almost certain to lead to manufacturers having to produce a competition "supercar" if they were to be outright winners—and Peter Ashcroft makes clear that it is only overall wins which are of interest to the manufacturers.

Fiat/Lancia and Renault, the most powerful voices in European rallying, have declared themselves in favour of the "supercars," but it is really a question of covering their bets: Lancia already has the basis of a super-car, both in the form of the Lancia Stratos, a past world championship winner making another one of umpteen "final" appearances on the RAC Rally, and in the Lancia Beta Monte Carlo Turbo, on which the group has concentrated much, successful, effort this year in the World Championship of Makes sports car racing. At the same time, for the 5,000-car category a 2-litre Strada/Ritmo is also in the offing.

Mid-engined

Renault, despite early promise, failed to make quite the impact it wanted with its front wheel drive Renault 5 Alpines, hence the appearance of the 250 bhp Turbo. It is mid-engined, thus reducing the tiny 5 to a two-seater, and would lend itself well to the "supergroup."

That leaves two notable relative newcomers to world championship events next year: Mercedes, which is understood to have secured the services of Hannu Mikkola and Bjorn Waldegaard — probably the world's top two drivers, being released as a result of Ford's withdrawal—and Audi. The latter has a sporting pedigree stretching back to pre-First World War days but, as the company admits, it is hardly reflected in its current products.

On this year's RAC, Audi is running a three-car team of 80s which, with only 160 horsepower, are hardly going to be among the front runners. But Audi has committed itself to a major three-year programme aimed specifically at winning the world championship and its competitions manager, Jurgen Stockmar, has indicated that there will be a much more powerful car next year. The word is around that Audi's five-cylinder 2.2 litre engine will be deployed in turbo-charged form (a less powerful turbo version, with 200 horsepower, is due to go on sale in March as the Audi 200, a top-of-the-range road car).

Audi's engineers are also reported to be looking closely at a vehicle of near-revolutionary dimensions: a four-wheel-drive car in which drive through front wheels only or rear wheels only could be selected on the move.

If such a device works, and there are some, recalling the failure of 4wd in grand prix racing, who are sceptical—clearly the Audi would be at least a contender in the limited supergroup series. But there are some indications that Audi's thinking extends beyond that—and that the 4wd car would be produced in quantity as a full road-going car to fit into the upper end of its model range.

J.G.

Forcing power from small packages

IN THE wake of the 1974 oil crisis it became obvious to the management of Saab that it had to make some clear-cut decisions on which direction the company was to take if it was going to survive. With an annual output of well under 100,000 cars, it simply was not viable to go to the bottom end of the market, so it decided to go in the opposite direction. Mercedes and BMW were able to secure a niche which survived the downturn; it was considered that Saab could do the same.

The tronble with that thinking was that Saab needed a much more powerful engine, and the costs of developing an entirely new ona are enormous even for volnma makers.

Saab was the earliest to decide that turbocharging of an existing engine was the way to go, in that it provided a small (2 litres), very efficient unit at low unit and development cost. Thus the Saab 99 and its recent, larger 900 derivative—the only cars now made by the Swedish concern—bas developed to a remarkable extent from the first 1.7-litre, 80 hp 99 which appeared in 1969.

Current output from the engine of the 99 and 900 Turbo models is 145 bhp—"with a lot more to come." Much of the development work is being, and will continne to be, done on its rally cars, for Saab is unusual in putting research and development ahead of promotion in its competition activities.

Twice the size

The rally vehicles currently are providing 255 bbp, with a very similar torque figure over much of its operating range, an unusual situation in that most competition cars provide all their performance over a comparatively narrow power band near maximum engine revolntions.

In its road application, the turbo's advantage is that if the car is used gently, the turbo—whicb is basically a supercharger feeding the fuel/air mixture into the combustion cbambers under pressure from a turbine driven by the engine's exhaust gases—does not come into play and fuel consumption is the same as any other two-litre. On the other band, wben the foot is pressed bard down, the performance provided, and fuel consumption, is akin to that of an engine twice the size.

It is a concept wbich has proved to be of considerable value to Saab, which was first into the market with its roadgoing 99 Turbo two years ago and wbich will not be followed by any European volume manufacturer—to some extent one mnst exclude the successful 924 Turbo sports car launched by Porsche this year — until Marcb, with the appearance of the Audi 200 turbo.

In Britain, at least, Saab's problem is that it is becoming hardar to sell its less expensive, non-turbo cars. Its British market this year, expected to be 10,000 units, should show a 50 per cent growth overall over last year—but, although from a small base in 1978 of little more than 400 cars, growth in its turbo range is expected to be of the order of 235 per cent.

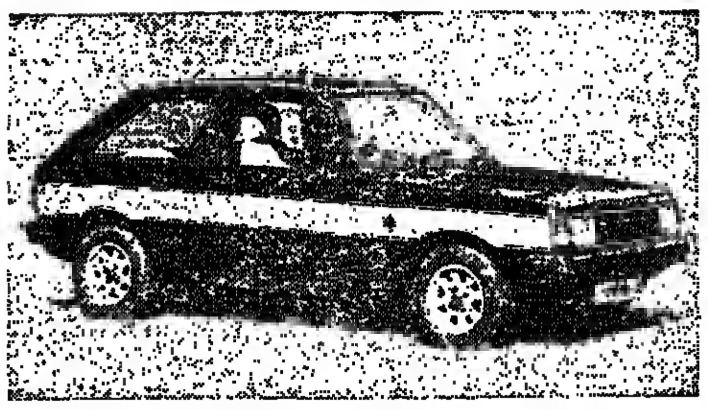
Saab believes that this growth is coming from wealthy buyers trading down from Jaguars and other larger cars, a move that would bave been virtually unthinkable a decade ago. But they are doing so very selectively, suggests Saab GB's marketing director Roy Clements. That Saab is benefiting substantially from the business he attributed at least partly to the turbo "mystique."

"They are people worried not about fuel consumption, because they can afford it, but because socially it's the in thing to do. And despite all the energy problems, despite a fashionable disdain for exotica, lurking beneath there is still the virility thing whicb is going to take a long time to be sbaken off. These people wouldn't go to a Marina, but they are coming to us, partly becsuse of the cars' relative exclusivity, partly because of tbe turbo allure and, no doubt about it, partly because we can say 'hasn't it done well in rallies?'

"We have to exploit this in a subtle way, suggesting that the car itself is so good it can win rallies almost as a by-product. Ford have to be more aggressive about it; in the lower markets with the Escorts they are probably selling cars specifically because they do win rallies."

Support for Saab's view is reflected in the actions of others in the industry. The main intent of Chrysler, now Talbot, in producing a 2.2 litre Lotus-engined version of its down-market Sunbeam hatchback was originally merely to satisfy the requirements of the international competition anthorities that 400 be built in two years for the car to be eligible to take part in world rally championsbip events.

Somewhere under there is a Chevette—Vauxhall's £7,000, 2.3 litre HSR



Talbot's 125 mph Sunbeam Lotus—a minimum of 4,500 are being built

However, it was felt that the growth of sporting saloons, as substitutes for the more rigorous environment of open sports cars, was sucb that, even with a £7,000 price tag, it should be able to sell a lot more than the basic production quota for competition. The result was that Talbot and Lotus now bave a three-year agreement to build at least 4,000 of the vebicles. That is small in comparison with the equivalent, though rather slower, Ford Escort, of which nearly 25,000 bave been sold in the UK alone since 1975 and which is marketed all over Europe. But it does appear to indicate a trend.

Vauxhall, faced with a similar minimum production requirement for competition, developed its twin-cam 2.3 litre Cbevette as a roadgoing car, with a price tag of just under £6,000. It has just turned out a further upmarket version, the HSR, pitched at the same price as the Sunbeam, and is currently developing a single-cam version of the 2.3 litre car which it expects to sell in rather greater volume considerably further down the market.

There have been similar developments by Fiat, with its 2-litre Mirafiori Sport (called the Racing in Europe) launcbed late last year. Opel's high-performance i2000 version of the [illegible] now going on sale, [illegible] limited [illegible] 10,000 [illegible] versions of the 16-valve, 2.4 litre Ascona 400 with wbich it is about to tackle the world rally circuit.

The share of overall car markets taken by the sporting saloon sector, itself hard to define precisely in that it ranges from the Saab Turbo at £7,500-£10,000 to the 1275 GT version of the Mini, is undoubtedly small. Fiat estimates it to be currently about 4 per cent and regards the market as a volatile one.

While manufacturers tend to keep sales figures of individual models rather close to their chests, Fiat's own estimates are that the UK market bas sbown substantial growth in the past two years, with a 20 per cent increase in sales for the first nine months of this year over the wbole of 1978, and that the pattern is reflected elsewbere in Europe.

In terms of the overall market, the share migbt be small—but the 60,000 sucb vehicles estimated to have been sold in the UK alone in this year's first nine months nevertheless represents a value at retail prices approacbing £300m.

From the various companies' involvement in competition bas also arisen another small, but increasingly profitable operation, performance parts. Ford has [illegible] Rallye Sport [illegible] who are the prime source of supply to buyers of its more sporting cars such as the RS 2000.

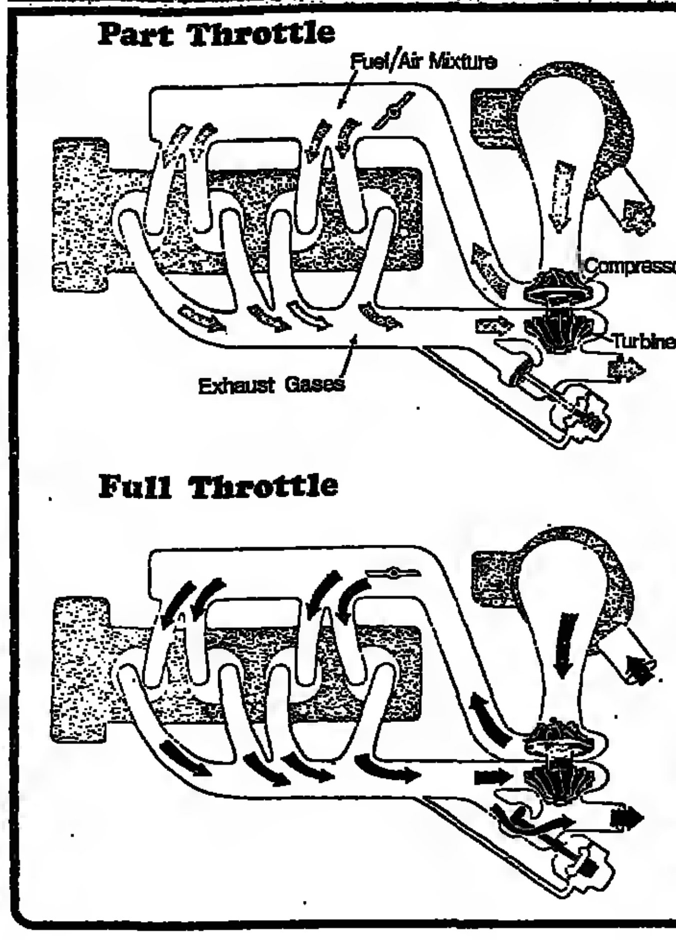
It bas also recently developed "X" pack conversions covering major body and engine alterations for its Capri, Cortina, Escort and Fiesta ranges, covering needs from those of would-be compatitors to those merely seeking a little individuality.

Three years ago the RS operation's trade came almost exclusively from competitors; now, nearly half the business is accounted for by vehicles intended for road use. Since, as with other manufacturers of sport parts, in most cases fitment of sucb equipment does not invalidate guarantees, the business has been growing quickly and bas moved already quite far from the "boy racer" image. "The buyer of an X-packed Escort RS2000 is typically a professional—a doctor or similar," points out Charles Meade, wbo runs the RS department—"the younger element simply couldn't afford them."

Growth in the business bas been fast. Up until last year's Ford strike, sales were up 50 per cent over the same period of 1977 points out Meade. The turnover target this year is for a small, but nevertheless useful, £2m.

John Griffiths

Anatomy of the Turbocharger



THE TURBOCHARGER can provide a suitable engine with botb a performance considerably greater than a conventionally aspirated engine of equivalent size, or, on light throttle openings, yield fuel economy in keeping with its cubic capacity. Essentially it is a supercharger, forcing fuel/air mixture under pressure to the combustion chambers, thereby increasing performance. Unlike the supercbarger, however, it is driven not by an engine pulley but by the engine's own exhaust gases.

At light throttle openings, the exhaust gases turn the turbine relatively slowly, and in turn the inlet compressor has little effect on the flow of fuel/air mixture drawn in by the engine's induction systems. As the throttle is progressively opened, bowever, the flow of exhaust gases spins the turbine towards speeds of 20,000 rpm or more. The equivalent rotation of the compressor forces fuel/air mixture into the cylinders under pressure, progressively increasing the power and torque obtained from combustion. Since, clearly, pressure within the exhaust system could build up to damaging levels, a[illegible] pressure determined by the manufacturer, a "waste gate" blow-off valve (*see bottom right of each illustration*) operates, allowing excess exhaust gases to bypass the turbine safely.

The power and torque output and characteristics from a given engine size can be varied considerably by cbanges in compressor size, camsbaft overlap and boost pressures. There is 110 bhp difference between Saab's rally and road engines, for example, though in cubic capacity and mecbanical internals they are very similar. However, tbe rally car runs at a very higb 22 psi boost, creating greatly increased induction temperatures as a result of the air being so beavily compressed. This places heavy thermal strains on the upper engine and Saab bas found it necessary to fit a cooling interchanger, in which the compressed inlet air is passed over a radiator, a solution which Renault and Porscbe bave adopted in their own turbo-charged units.

As an alternative, Saab bas also investigated water injection into the cylinders—a Saab "Superturbo" concept car was displayed at the Geneva motor show, one effect of the water injection being to lift the standard car's power output from 145 bhp to 175 bhp.

The parts test-beds cannot reach

ACCIDENTS DO happen and at Silverstone recently, Gerry Marshall's Triumph Dolomite was hit from behind and rolled tail over nose. The front end was demolished but the windscreen remained intact. As it happens, Gerry Marshall's team is sponsored by Triplex, makers of the windscreen in question and a subsidiary of the Pilkington group. So there were mixed emotions.

There was concern about the driver, of course. But when it was established that he would survive, there must have been some satisfaction that the Ten Twenty windscreen had remained unscathed in full view of thousands of "experts" — anybody who is interested enough in cars to pay to watch them going round a race track usually considers himself an "expert."

The Ten Twenty windscreen was not developed for the race track but for road-going cars. However, the Silverstone episode probably did more to convince the people present that the claims Triplex makes for Ten Twenty can be substantiated than any number of impressive advertisements.

It is mainly publicity that component manufacturers are after when they sponsor motor sport. In these days of computer-based analysis, when the major companies can plug in to the space research techniques pioneered in the U.S., it makes much more sense to carry out technological developments in the controlled confines of the test centre rather than the racing circuit.

Motor sport is "glamorous, dramatic, aggressively competitive—so it is an ideal medium for commercial sports sponsorship. To some extent this appeal exists right down to the lowest strata of motor sport," according to Mr. Robert Tyrrell, director of the Tyrrell Racing Organisation. However, like many other people involved in the expense of sponsorship he also claims that there can be a technological spin-off for those who take part.

In a paper presented to a conference about sponsorship organised by Marketing Week earlier this month Mr. Tyrrell, when speaking about Formula One racing, said: "The fierceness of the competition demands that new materials, designs and techniques are tried, evaluated and adopted or discarded very rapidly. Remember—we take an 'exam' every two weeks when we race against our rivals.

"The allocation of resources made by a top team to its research and development programme [illegible] would probably surprise many. An expenditure of £500,000 a year, for example, would certainly not be the upper limit.

"Computer and micro-electronics technology arrived on the Formula One scene three years ago when our organisation set up a separate unit within the total R and D operation. The aim of the project was to apply a wholly scientific method to the question of racing car design.

"Through the use of transducers and microelectronic packages which have been developed 'in-house,' we are now able to acquire, reduce and process data relating to the physical performance of a multitude of functions on the cars. By interfacing this information with our computer we now have a unique design tool which is already beginning to pay off in terms of improved car performance.

Applications

"There is no question that within a few years there will be very definite applications relevant to the automotive industry directly from this project."

Goodyear Tyre is another company deeply committed to Formula One sponsorship—only two of the top teams do not use its tyres so it provides tyres for 23 or 24 cars in each race. The group has at Colmar-Berg in Luxembourg one of the most modern vehicle development institutions in the world, responsible for all the Goodyear tyre research and development activities outside the U.S. and Canada.

Technical facilities at the centre include a 2.6-mile test circuit to simulate a wide variety of road conditions. Handling, ride, durability, fuel consumption, vehicle dynamics and traction studies are all carried out on the circuit. Test fleets run each year in laboratory and on-the-road programmes a distance of 1.2m miles a month. Yet Goodyear still believes that by putting its tyres on racing cars it can learn a little more about the way they behave under the most severe and punishing conditions.

Component manufacturers have to sell their products to the car, truck and construction equipment manufacturers as well as in the replacement market. The added benefit of motor sport sponsorship is that it enables a component maker to meet potential customers on neutral ground on a social basis.

It stands to reason that the majority of senior executives in the automotive companies are interested in cars generally and exotic cars in particular. Few of them can resist an invitation to a Grand Prix, for example, where they can get VIP treatment because their host is a sponsor.

While much of motor sport's glamour attaches to Formula One, some component makers prefer to give up that glamour to be closer to what might be called "grass roots" motorists.

For example, Triplex sponsors a team of five Dolomites in saloon car races because it reckons the audiences at such events are just the people they need to reach with messages about the extra safety involved in the latest windscreen developments.

In the past, Triplex would sponsor motor sports events but turned to saloon cars as "more relevant to the product. You can see our products going around the track not just a name on the side of the car."

Another sponsoring company which believes the average motorist can identify more with cars on a race track which look like cars and not like missiles, is Mintex, the friction materials group.

Mintex sponsors one of the five rallies which make up the British Open Championship, a ploy which gets over the problem all sponsors of individual vehicles must face—what happens if you don't actually win? By sponsoring an event, Mintex overcomes this difficulty.

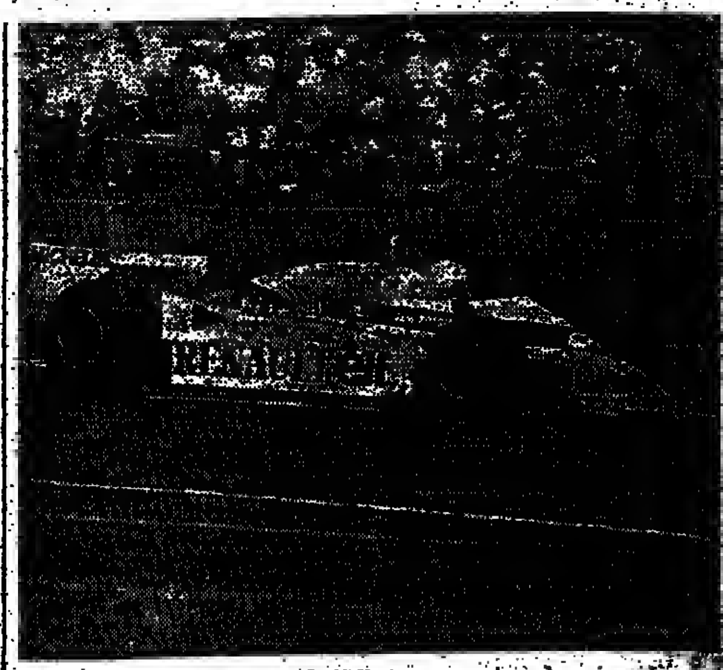
The company also maintains that the promotional impact *might* be concentrated because it involves one event and not several, but the impact is still considerable. At the same time "you do more good for more people by sponsoring an event than sponsoring a team."

The main factor influencing Mintex's support is that the motor traders are closely involved in rallying. Garages help with maintenance of the cars taking part and so on and these are the very people to whom Mintex sells its brake lining replacements.

However, the company believes it gets some technological spin-off because it learns how brakes behave under extreme conditions quite difficult to simulate elsewhere — extremely muddy conditions, for example.

But the fact remains that if you study the list of famous names which have sponsored Formula One races in particular over the past few years, there are not many even remotely connected with the motor industry. They spend the huge amounts of cash involved—it takes more than £20m to put the top 20 Formula One cars on to the starting grids for the world championship series—to promote the products or services they offer. Technology is not the name of the game.

Kenneth Gooding



Renault's turbo-charged cat among grand prix

Efficiency is the future formula

AT A time when the world is being shaken into awareness of the need for conservation, of fossil fuels as well as of other natural resources, it seems appropriate for grand prix motor racing to promote the cause of efficiency.

Formula 1 engines are already remarkably efficient, partly because the cars which carry the least fuel, and are thus the lightest, have a distinct advantage in the early part of a race, but the search for more power inevitably leads to an increase in fuel consumption—particularly in the case of turbocharged engines.

Various means of saving fuel have been suggested—one of them being a switch to methanol, which has been used for many years in American racing but costs more than petrol—and there have also been proposals that the amount of fuel available for a grand prix race should be restricted. The latter would almost certainly lead to some farcical results, with the leaders running out of fuel in the closing stages and victory going to a slowly-driven back-marker.

One of the chief protagonists of an energy conservation formula is Keith Duckworth, designer and builder of what is undoubtedly the most successful grand prix engine of all time, the Cosworth Ford DFV. Since winning on its first appearance in June 1967, the normally-aspirated three-litre DFV has gone on to win no less than 125 World Championship races, but its supremacy is now being threatened by the arrival of more powerful but less economical turbocharged 1½-litre units.

Duckworth originally proposed a fuel flow formula for grand prix racing (this suggestion was a maximum of 27 cc per second) but this met with such opposition from vested interests (teams which already have or are developing turbocharged engines) that he has now put it forward as a means of resuscitating now fairly moribund sports car racing by stimulating the interest of major manufacturers. Races for these cars should not, he feels, be long-distance events, which put unnecessary wear and tear on the equipment, but should be of similar duration to World Championship grands prix and should be run at venues which would like to hold grands prix but are unable (probably for financial reasons) to do so.

Equality

As a corollary, Duckworth feels that from 1982 onwards (rules cannot be changed without two years' notice) Formula 1 should revert to 3-litre *normally aspirated* four stroke engines, to bring the cars involved back to closer equality and to give more reality to the drivers' championship on which most of the publicity for grand prix racing is based. (At present there seems to be a very real prospect that 1½-litre turbocharged cars will become increasingly predominant in 1980 and 1981, largely because the totally arbitrary 2:1 equivalence factor with normally aspirated engines is very much in their favour). Should Duckworth's proposed Energy Conservation Challenge produce suitable engines, these could eventually be adopted for grand prix racing alongside existing units—provided, of course, the latter incorporated the same fuel flow restrictions.

In addition to providing an alternative form of racing, in which the emphasis is on the manufacturers' names rather than the drivers', the proposed Energy Conservation Challenge could thus become a proving ground for future Formula 1 engines without unduly upsetting grand prix racing as we know it. Any sudden change of formula could have a disastrous effect, particularly if it required everyone to build or buy completely new engines. The same would almost certainly be true if the current formula continued unchanged until at least 1984, as has been proposed by the majority of production car manufacturers, making a switch to 1½-litre turbocharged engines virtually obligatory. In both cases the cost could well be prohibitive for the specialist constructors who are the backbone of grand prix racing, with the result that the present, very healthy entry lists (around 30 competitive cars) could quickly dwindle to six or eight.

"I am staggered," Duckworth says, "that major manufacturers who are not involved in Grand Prix racing but committed to reducing the fuel consumption of their road cars seem totally disinterested in a fuel flow formula—and totally unaware of the consequences of allowing the current three litre normally-aspirated 1½-litre turbo charged Formula One to continue not only to the end of 1981 but to the end of 1983 or even later. Most of these people are not involved in Grand Prix racing and clearly do not understand it.

"By contrast, most of those who make a living out of racing are agreed on the necessity for a change, whether to normally aspirated engines or my fuel flow formula, and Colin Chapman of Lotus, who is universally regarded as the leading innovator in racing car design, is totally in favour of 27cc per second."

Keith Duckworth: fuel flow formula opposed

The main virtue of Duckworth's fuel flow formula is that it would permit the use of all current engines, including turbocharged ones, with relatively minor modifications, and would also allow the introduction of new designs—which could use fuels other than petrol if so desired. (In the case of diesel or kerosene the fuel flow figure would be adjusted to give the same energy output as 27 cc of petrol.)

Duckworth also proposes that such engines should have a minimum of six cylinders, to avoid non-commercial freaks, and that both new and existing engines should be capable of running on 97 octane petrol. He visualises that existing engines, fitted with a fuel flow restrictor, would develop a maximum of about 430 bhp, compared with the 490-550 bhp of current unrestricted units, and expects that a similar output could be achieved at much lower (5,000-7,000) rpm with a mildly turbocharged 27 cc per second engine of somewhere between 2.5 and 4.5 litres cubic capacity.

The latter would also have the virtue of much longer life, due to running at low rpm, and could also be used in road cars with very little modification—a big plus factor for manufacturers wishing to maximise their association with racing.

The Duckworth almanac for 1980 and 1981 shows cars with unrestricted turbocharged 1½-litre engines winning more and more races—and using more fuel in so doing. If there is no rule change for 1982 he will probably give in to commercial pressure and make a 1½-litre turbocharged Cosworth, which will be so expensive that he will only be able to make a few, and only one team will be able to afford them.

How much more sensible it would be if everyone concerned had slightly less powerful and much more fuel-efficient engines, which could probably do several races without overhauls and which could also be detuned for use in road cars. Is such a common-sense idea really too far-fetched for the motor racing politicians?

David Phipps

Sponsors keep grand prix on circuit

LAST MONTH there was a great deal of controversy over British Leyland's decision to spend something in the region of £20,000 a year on the sponsorship of three one-horsepower mounts for Mark Phillips. At the same time, and without criticism of any sort, various captains of industry were setting aside sums up to 50 times larger than this to associate themselves with the 500+ horsepower machinery which will compete in the 18 events counting towards the 1980 motor racing World Championship.

Commercial sponsorship of grand prix racing as we know it today began in 1968, when the hitherto green and yellow Lotus cars were resprayed red and gold and made to look as much as possible like mobile cigarette packets (John Player Gold Leaf on this occasion). It was not long before most other teams followed Colin Chapman's lead, as they tend to do in matters technical as well as commercial, and now only Ferrari remains aloof from such considerations—and that only because it receives massive financial support from Fiat. Even Renault carries sponsorship, mainly that of the also state-owned Elf oil company.

The cost of running a successful Formula 1 team is now in seven figures per annum. Some of this is covered by prize money, based on a complicated scale which takes into account past performances, qualifying times and positions at various stages of the race, as well as at the end. But grand prix racing—and most other forms of racing for that matter—could not exist without sponsorship, and sponsors would not pour in the amounts they do if they did not feel they were getting value for money.

For a company promoting a new brand of cigarette, or a similarly widely-sold consumer product, grand prix racing is an obvious medium. It has a glamorous image, it goes to most of the more affluent countries of the western world, and it gets extensive coverage both on television and in the Press. The leading drivers get the same treatment as pop stars and almost every European country has its own national hero, even though he may never have scored a World Championship point.

Less immediately apparent, but nevertheless equally valid, is the reason for various service industries becoming involved in grand prix racing. Some do not even sell directly to the public, but in some cases they have even more to gain than the manufacturers of consumer products because they use racing as a means of directly influencing potential clients—people who may put many millions of pounds of business their way.

When First National City Travelers Checks first entered the grand prix arena there must have been many people who wondered why they were there. Yet in just one weekend, as a result of entertaining leading bankers at the Swedish Grand Prix, they increased their sales in Scandinavia by over 30 per cent. Their car did not win the race—it did not even finish in the first six—but the bankers were sufficiently enthused by their exposure to the world of grand prix racing, which included meeting the driver and inspecting the car at close quarters, that they went home and spread the gospel.

Delighted

And the Essex Overseas Petroleum Corporation, which is a wholesaler and has no direct dealings with the public, is so pleased about the results of its co-sponsorship of Lotus (again without winning any races) that it has decided to increase its involvement next year.

Much the same reasons which motivate Formula 1 sponsorship have led major companies into associations with Formula 2, Formula 3, sports car and rally teams. These all compete at international or national level, on lower budgets than Formula 1 and with relatively less exposure—though rally teams might dispute the latter point in certain instances.

However, most of the big works rally teams would be able to carry on without sponsorship, drawing money from their advertising budgets, and in some cases (e.g. British Airways) the sponsor tends to insist that the team spends at least the equivalent of the sponsorship fee with them. (With British Airways this is not an onerous condition, as a reciprocal deal can be done in air tickets.)

There are one or two sponsors —notably Marlboro—who are active in all types of racing and have also spent large sums of money on the modernisation of certain circuits—in return for which they normally obtain a great deal of advertising space around the track. This is quite separate from the event sponsorship in which Marlboro and several other firms are involved—usually as a result of assisting organisers with promotional material and indemnifying them against losses at the gate, in return for which the event is normally named after them.

A good example of the benefits which can be obtained from relatively inexpensive (by F1 standards) sponsorship is seen in Formula 2, where ICI put their name before both the public (admittedly not as numerous as for Formula 1) and large numbers of influential dealers, whom they entertain at races throughout Europe. Some other sponsors have more localised markets, and this extends all the way down the scale to companies like garages and small building firms, whose names appear on cars competing in club events and who expect no more publicity than the occasional mention in a provincial newspaper.

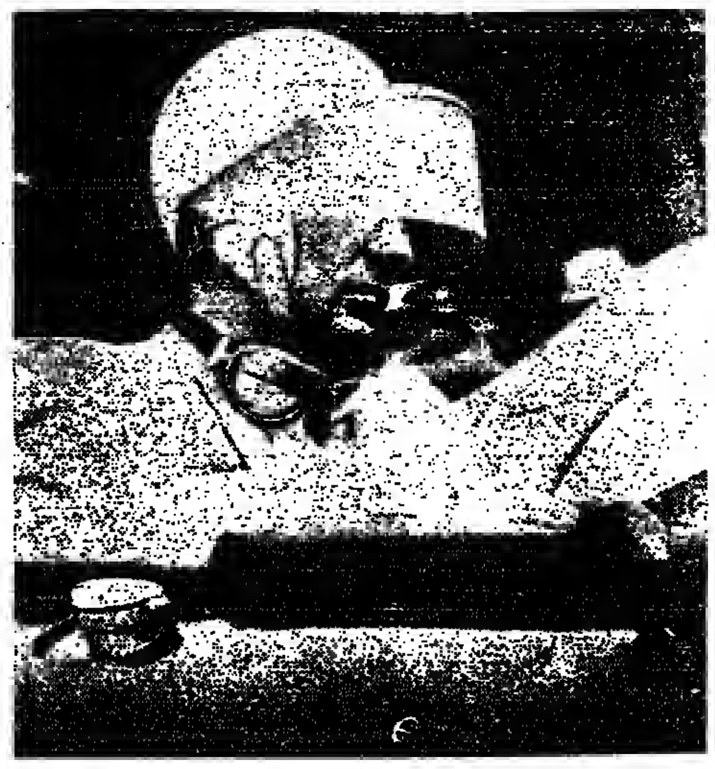
In recent years a number of Formula 1 teams have preferred to race temporarily without sponsorship rather than accept amounts they consider to be below the going rate. (The latter, of course, varies a great deal, and depends on the team's past record rather than its future prospects.) In less exalted categories, however, it is regarded almost as a sign of failure if a car is not plastered with decals—with the result that many are carried virtually free of charge.

Despite the current energy situation, the sport's traditional sponsors, the major fuel and oil companies, still feature strongly at all levels of both racing and rallying — the aim at the moment being to promote the sales of lubricating oil rather than fuel. There is also some support—more often in kind than in cash—from the leading tyre companies (Goodyear, Michelin, Dunlop and Pirelli) and the suppliers of such components as spark plugs and suspension dampers. In general terms, however, the money from these sources is regarded nowadays as a bonus (it is, in fact, often paid in the form of success bonuses) and the big amounts come from purely commercial sponsors.

At the time of writing there are several potential sponsors keen to get into grand prix racing, provided they can be associated with top teams, and if Ferrari ever changed its policy on this subject there would virtually be a stampede to Maranello. What happens in other categories is more dependent on things like TV coverage or in more general terms on a good return for investment. But here, particularly in Formula 2 and Formula 3, the tendency is for sponsors to back individual drivers rather than teams.

However, provided existing sponsors are looked after, and new ones get the treatment they deserve, the financial health of motor racing, particularly in the upper echelons, seems to be assured.

David Phipps



STIRLING MOSS, pictured above after winning the New Zealand Grand Prix in 1959, explains how racing has changed during the ensuing 20 years

Bigger business, but less fun

GRAND PRIX racing has always been the fastest, toughest and most challenging sector of a brilliant and exciting sport. Yet during the last few decades it has become bigger and bigger business. If you can cast your mind back to the 1950s, you find that competition was every bit as keen as it is now, but the whole set-up was a great deal less sophisticated, and quite honestly a lot more fun, for drivers and spectators alike.

Of course, grand prix racing was far from cheap even then, but the way to try to beat the opposition was simple and logical: Find the best drivers, and produce a competitive car. The latter depended above all on the two factors of power and handling. Strict rules on engine capacity forced engineers and tuners to make the power units more efficient, and to avoid wasting all that hard-won extra power, there was a parallel need to improve weight distribution and to produce better suspension systems.

Where racing has started to go wrong, in my opinion at least, is that as the sport has become more popular with the paying public, the competition has become more commercial and the costs have escalated out of all proportion to the direct benefits to the sports. The traditional sponsors—the oil companies—began to pull out and they were replaced by new sponsors, including cigarette manufacturers, makers of drinks and after-shaves. Their generous assistance kept the sport going, but they were after other returns. They were paying a lot of money to have their brand names associated with the glamour of motor racing, but this would only be worth while if the association was with a winning team rather than a losing one. So the pressure to win became so intense that simply squeezing more power from the engine or tuning up the suspension was no longer enough on its own. Every trick was used to steal a march on the opposition from wings to skirts, from slicks to spoilers.

Now progress in its way is all very well—but there's a real possibility that some of this progress may have been in the wrong direction. The cars are certainly faster than they ever were before. They hold the road more effectively, lap times are faster and cornering speeds are far higher than they were in my racing days.

But everything is relative—it is important to remember that racing is not just a sport; it is also supposed to be entertainment. The excitement of the circus ring and the spectacle of the theatre are essential ingredients in its appeal.

Excitement

What matters most of all, when we think of the future of grand prix racing, is the degree to which spectators are involved in what is happening. In the old days, you could stand right there on the edge of the track and see drivers who were recognisable as individuals literally fighting their cars round the bends, with hands sawing at the wheel, suspension hopping and tramping all over the place, tyres screaming and protesting in clouds of blue smoke, and immensely exciting it was to watch.

But development has totally changed that colourful picture. Present-day cars are much better streamlined than they used to be—but that means you cannot see the driver so easily as he lies back in a semireclining position inside the closely fitting bodywork. To make things worse, the drivers wear flameproof overalls and wraparound helmets, so that you cannot tell them apart, or see what they are doing. The skirts, spoilers and streamlining do help the cars hold the road more efficiently than they used to, but the old drama has all but vanished.

Now a car can be cornering within a hairsbreadth of sliding helplessly off the track, but there's no outward sign to show that it is so close to the limit. The only time a car does not look as if it is running on rails is when something really has gone badly wrong. So all this means that motor racing has tended to look more and more tame which, of course, it is not.

In fact, drivers have quite rightly become very concerned about safety—their own and the spectators'. Tracks have been edged with Armco barriers and great fences of wire netting to keep the cars and the spectators apart. But what this really means is that at the very time when the details which contribute so much to the understanding and enjoyment of the sport are becoming harder to see, the spectators are being pushed further and further away for their own protection.

Boring

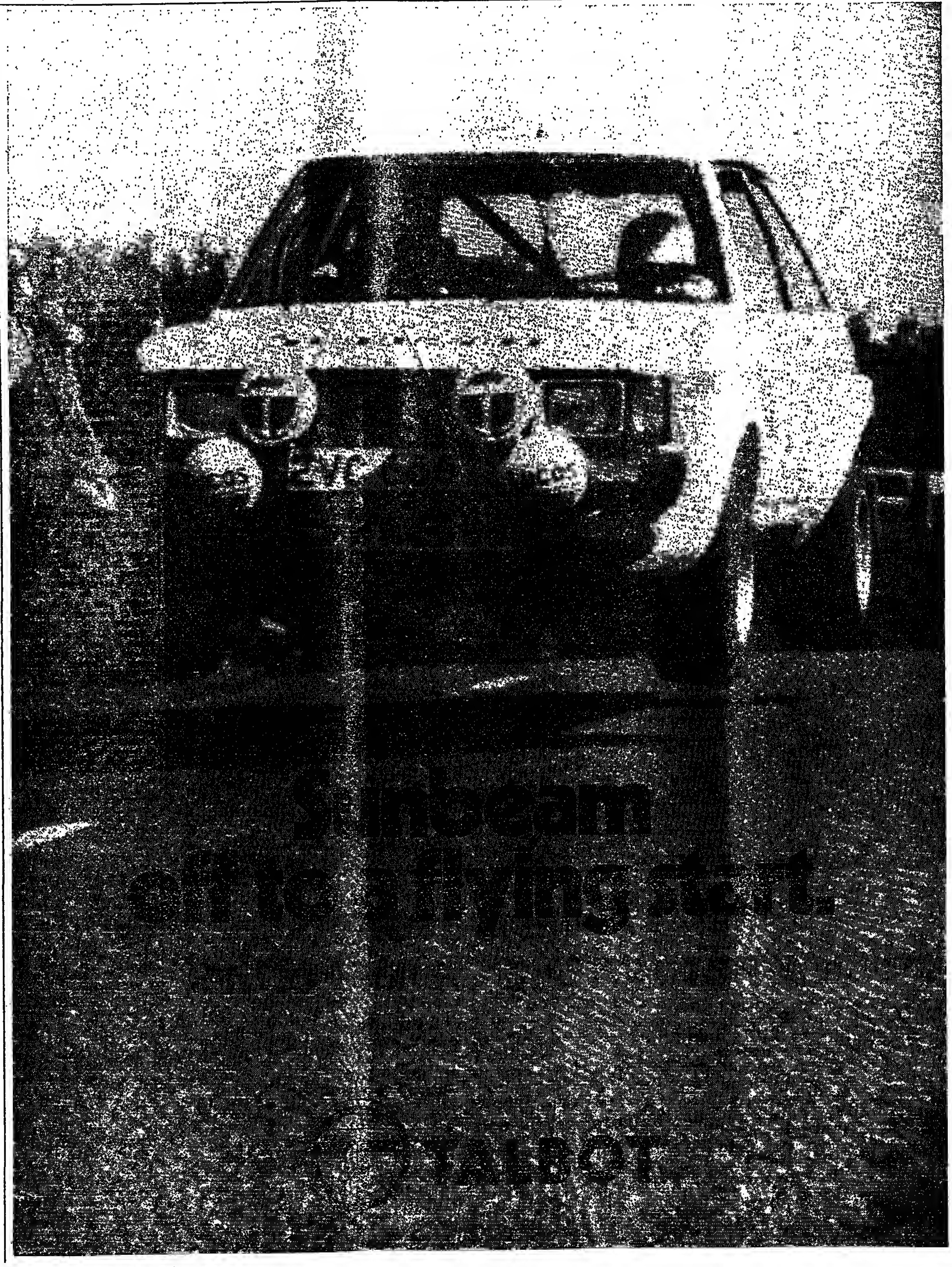
The real danger for the sport is that increasing commercial competition and speeds could, paradoxically, kill the excitement of grand prix racing stone dead—and with it, the goose which lays the golden advertising eggs. Not so long ago, top driver Niki Lauda was quoted as saying he was fed up with racing round and round in circles. I do not for one moment believe he meant that seriously, but it is easy to see what he was getting at. Present-day racing cars are so good that they are in danger of becoming visually boring.

So what can be done about it? There is not a single, simple answer to the problem, but one possibility might be to cut speeds indirectly by outlawing some of the more extreme features of to-day's grand prix cars. No skirts, no soft, sticky slick tyres, no aerofoils: smaller engines, lower power outputs, all would help to keep speeds within the bounds of reasonable competition. Of course there would be an outcry: the sponsors have invested a great deal of money in the set-up as it is today, and any fundamental changes would force them to start all over again. But it is high time that the sport's governing body, the Commission Sportive Internationale, found the courage to do some governing, and stopped the teams and the sponsors having their own way as has been the case for so long now.

This may sound like a retrograde step, but racing can be just as close, just as exciting, at lower speeds, and the spectators would have so much more to watch.

There are many other ideas which could be added to make the eventual outcome of the race less obvious and less predictable: what about limiting the fuel tank capacity of the cars, so that refuelling stops become necessary again? Not only would that introduce new elements of suspense and of tactics which have been missing far too long, but it would also add economy to all the other targets of the car designers, making the elusive equation of a really winning car an even more difficult target.

There may be other more complex ideas which could also have their place in the rules, but at least these would be a beginning. Possibly the sponsors may jib at the changes, and some may even withdraw their support—but cheaper and more exciting grand prix racing still has to be good news, for drivers and spectators alike.



BL competitions spared axe

DESPITE THE vigour with which Sir Michael Edwardes is lopping branches to revive the straggling BL tree, a small one has survived the axe which thudded into operations at Abingdon.

BL Motorsport occupies premises almost within hailing distance of the doomed assembly lines of the MG Cars plant. But "all the indications are that we will survive," declares competition director John Davenport. "I fully believe that our existence is justified as a means of selling more of our cars."

Although evaluation of the benefits of motor sport participation appears to have rather more to do with seat-of-the pants feelings among marketing men than empirical assessments of sales volumes—"an impossible task" in the view of one such executive — it appears that the powers that be within BL agree with Davenport. Their agreement is made less onerous by the fact that, unusually among manufacturers, Motorsport is a self-contained profit centre. Sales of performance parts and other accessories, under the Special Tuning banner, offset the costs of running a substantial rally programme for the Triumph TR7 V8 sports car, five of which start tomorrow's RAC Rally in British Airways colours: supporting a pair of Dolomite Sprints and a 1275 GT Mini in the British Saloon Car Racing Championship, and the Mini Challenge, a racing series for Sir Alec Issigonis's ubiquitous brainchild.

In comparison with other European manufacturers, Davenport's budget is small—"divide Fiat's (£6.5m) by 50 and you'll get ours," he declares, only half-jokingly. Nevertheless, it has been sufficient to allow BL to bring off some impressive wins and placings in both racing and rallying, despite a rather inauspicious start to the TR7 programme two years ago.

Much of this year's funding has come from the £¾m turnover of the Special Tuning parts, sold mainly through 50 ST distributors and 50 more stockists among BL's 400-strong network of Austin-Morris dealers—a business which, says Davenport, in the past year or so "has been taking off in the biggest possible way." Parts range from oil-cooler kits for caravan towers, through uprated suspensions to "cosmetic" body parts. More support for BL's sports programme is provided by close associates in the industry—by Dunlop, Bilstein (shock absorbers) Lucas and Castrol and, as with British Airways, by sponsorship from outside the industry.

"At the end of the day, however," says Davenport, "we don't make sufficient money to pay for every motor sport activity, and what we may attempt from year to year will fluctuate according to revenue."

Efforts

As at least a partial exercise to determine whether BL gets value for the extra monies required, Abingdon carried out a 12-month addition of lineage devoted to its efforts in daily papers, the motoring press and by television (all international status rallies in the UK now receive Saturday afternoon airtime).

"We can honestly state that the estimated cost to buy the equivalent space and air time in the UK alone was substantially in excess of our competition budget."

There is also a consensus that since the rebirth of the competition department in 1974—it had been closed in 1970, leaving only Special Tuning to soldier on—there has been some reversal of the trend towards a higher buyer age profile: or, in less jargon-laden terms, more younger buyers are knocking on BL dealers' doors, even if such considerations have now slipped somewhat down the scale of BL's concerns.

David Wood, who as chief engineer at Abingdon is responsible for liaison between the competitions department and BL's production engineers, is also adamant that lessons learned during rallying and racing are of value to the product—"no matter how sophisticated, test rigs simply cannot reproduce exactly what happens on the road. A rig might be able to simulate 1m stress cycles—but in real life they are all of different amplitudes. A rally car gets misused to a great extent—you're covering 50,000 normal miles in 5,000. The information from that, merged with the data from the test rigs, provides material to production engineers of considerable benefit."

Wood points out that the competition TR7s comprise 75 per cent standard parts, and that what happens to them in the course of competition is important.

The results of fitting load-supporting lightweight panels to the TR7s will, he suggests, be fed back to production engineers with relevance to fuel economy implications for the lighter vehicles required in the mid-1980s. Arising out of competition, potential problems with propeller shaft splines have been identified with anti-knocking modifications made applicable across the BL range; and a potential steering column weakness showed up in rallying which—although there have been no failures on road cars—has led to a redesign on production vehicles. "Given the litigation problems they've been having in the States, that kind of thing is important."

Currently, the TRs are also trying out for Mintex, adaptations of a ceramic brake material originally devised to stop Concorde which, says Wood, has extreme longevity, does not induce brake fade, and had good heat-dispersal properties—"the main trouble is, it squeals unacceptably." The TRs using it, it is hoped, will eventually prove to be non-squealing guinea pigs.

Another example of how the competitions programme translates on to the production line is the quick release gearbox devised for the TR7. It takes a rally team 23 minutes to change one. The same modification is being built into road cars, with an expected saving in replacement time—at £8 or so an hour to the customer—of two hours.

In almost complete contrast, Daimler-Benz is publicly of the opinion that technically it has virtually nothing to learn from competition.

Revision

The Mercedes cars which took part in the long distance events of recent years—Mercedes won the 1976 London-Sydney Marathon and the 10,000-mile Round South America Rally a year later, as well as finishing second, fourth and sixth on this year's Safari Rally—were close to standard specification. Unlike most other makers, it has had no special parts type-approved for competition. Nevertheless, there is one revised suspension component which emerged from the hammering the cars took on these events, and they were also used for trying out the anti-skid braking system now being fitted to upper-range cars.

Next month, four Mercedes 450SLC coupes will take part in the last world rally championship round—the Bandama Rally, and it will be the first time since the early 1960s that the company will have entered an event officially under its own name, with no outside sponsors. Though there is no official confirmation, it is widely expected that participation in a number of world championship rounds will follow next year.

On the face of it, few manufacturers could appear to have less reason for competing: the company discounts technical spin-off and the world-wide average delivery time for Mercedes' annual output of 400,000 vehicles is about two years. Indeed, Mercedes's latest flirtation with competition has not been without its opponents within the company at Stuttgart—opposition which for the moment appears to have been outvoted.

The argument that has prevailed is that Mercedes should keep up the image that it can take on and beat with, by comparison, standard vehicles the more specialised competition products of other makers.

The decision by Mercedes's fellow German manufacturer Audi to plunge back into competition this year on a major scale is also primarily to do with the company's image—with which, it is felt, there is a definite problem. Audi has strong competition roots—they won the pre-First World War Alpine trials with regularity and, under the Auto Union name, in the 1930s, were a major grand prix force with some of the most powerful cars ever built, including today's grand prix cars. Currently, however, despite a full order book and expanding production of its 80 and 100 ranges—the 100, produced at the rate of 300,000 a year, is, the company claims, the biggest selling mid-range executive car in Europe—the company feels it falls uneasily between the stools of luxury and sporting images.

"We discovered that the Audi 80 has the oldest buyer profile of all our cars," one Audi executive points out. "That hasn't stopped us selling cars yet, but it is the first sign that we should be concerned.

"We are obviously missing out on the young executive, who is probably buying a BMW or Ford. However, we can't correct that just by taking part in motor sport—the product has got to support the image." That approach explains the appearance of the fuel-injected 80GTE, the emergence of the turbo-powered Audi 200, "and the further development of new models will reinforce that image."

That the competition programme will be a costly one is not in doubt. The three Audis in the RAC tomorrow will be supported by five specially equipped service vehicles and two support cars, a far more elaborate exercise than the individual effort once considered, and rejected, by Audi GB. Just to run one car in Britain, the company concluded, would have cost £150,000 for the season "plus £40,000 for a top-flight driver"—and the figures did not include the development cost of the car.

Fiat's multi-pronged involvement, in particular the Formula One activities of Ferrari, is regarded as "a mark of excellence which washes off across the whole product range right up to heavy earth-movers." Its competition budget comes largely from its corporate external relations division, and promotion clearly is the main rationale for competing.

The positions of Vauxhall and Opel in motor sport are somewhat different from that of other makers, in that their efforts are financed largely by levies on dealers for each car sold and by outside sponsorship because of the parent General Motors' publicly-proclaimed policy not to participate in motor sport. Both concerns have their competition cars prepared at "outside" establishments, in Vauxhall's case at the Dealer Team Vauxhall headquarters at Shepreth while in the UK Opel is contracted by Tony Park Automotive, a subsidiary of the Wolverhampton-based Roller Chain Holdings company of former racing driver John Handley.

Both suggest that the competition activities have bolstered sales. "Competition is an indispensable part of modern marketing," states Vauxhall's Dick Mercer, "although there is no formula for working out precisely how effective it is. The yardstick is Press and media exposure, and that you simply can't buy."

If they could, it would be costly. Paul Davies of Dealer Team Vauxhall asserts that measured Press space and TV time allocated to Vauxhall so far this year, excluding the highly publicised RAC Rally, would have worked out at over £1m.

J.G.

Nationalism to the fore—BL Cars' team of TR7 V8 entries in tomorrow's Lombard RAC Rally are sponsored by the national airline

Chester plays host to the RAC Rally

BY THIS morning, Chester's inhabitants will have received a fair idea of what they are in for during the next five days. There is not a hotel room to be had within the city, hardly one to be had within a 15-mile radius. The languages to be heard in lobbies range from Russian to Japanese, and the city's car parks and back streets are crammed with luridly painted competition cars, their attendant fleets of radio-linked service vehicles and those of a veritable army of organising officials.

Chester will have made a contribution of £10,000 or slightly more to the RAC Motor Sports Association — the arm of the club responsible for motor sport in Britain — for the privilege of playing host to the 27th RAC Rally of Great Britain — or, more properly, the Lombard RAC Rally (Lombard North Central, the credit finance house, has itself recently signed away £½m to continue for another four years the sponsorship of the event which it first underwrote four years ago).

Lombard, with four years' experience under its belt, obviously thinks its investment is worth it; Chester, a newcomer to the mixture of sports event, major logistics exercise and bizarre social phenomenon which comprises the "RAC," is keeping its fingers crossed that its own, rather smaller investment will prove worth while.

Based on the past experience of other host cities, ranging from Bath, through Harrogate to York, Chester does not have too much to worry about. Previous host cities now actively pursue the event, for an average of £½m or so tends to flow into the coffers of hotels, restaurants and retailers during the week that most teams are in town.

Currently scattered in and around the city are the 350 crew who will man the 175 competing cars—the event was greatly oversubscribed, with 230 would-be entrants; and nearly ten times that number in a support and management capacity.

Over 500 applications for Press accreditation have been submitted from around the world. Add to that the presence of some at least of the 7,000 marshals, stewards and organisers of the rally, and it soon becomes apparent that Chester is not a good place to drop in on unexpectedly during the four days following the rally's start from the city centre at 9 am tomorrow.

Indeed, the business generated for the hotel trade by rallying is such that Trusthouses Forte has made a determined, mostly successful, effort for its establishments to act as headquarters for all major rallies next year.

The RAC will also decide this year's Sedan Products Open Championship, the major UK series, between Vauxhall (Pentti Airikkala leads with 45 points), Saab (Stig Blomqvist, 35) and Ford (Russell Brookes, 33).

Ford inevitably is favourite to win: its six-car entry is numerically the strongest and its drivers include Finn Hannu Mikkola and Swede Bjorn Waldegaard, regarded by many as currently the world's best two drivers. In addition, Ford has won seven years in a row and will be keen to secure an unprecedented eighth victory for the departure both of the soon-to-be replaced Escort, and that of Ford from the rallying scene for two years.

However, it will not be a walk-over; BL Cars has no less than five TR7 V8s running and they are the most powerful cars in the rally; Toyota is fielding a new team of Celicas specially developed to compete for outright world championship points, and Datsun has shipped a two-car team from Japan. Lancia has brought out one of its officially retired Lancia Stratos "wedges" — they are past World Championship winners. Fiat UK is entering one of the 131 Abarth Rallyes which won the world championship in 1978. Vauxhall and Talbot both have potential outright winners, and Opel, preparing to mount a major onslaught on next year's world championship, has entered one of its Asconas for Brian Culcheth, one of Britain's most popular competitors, for his 100th, and final, international before retiring.

J.G.

THE LOMBARD RAC RALLY — TOP TEN SEEDS

Driver/ co-driver	Nationality	Car
Hannu Mikkola/ Arne Hertz	Finland	Ford Escort RS
Markku Alen/ Ilka Kivimaki	Finland	Lancia Stratos
Walter Rohrl/ Christian Geistdorfer	W. Germany	Fiat 131 Abarth Rallye
Bjorn Waldegaard/ Hans Thorszelius	Sweden	Ford Escort RS
Stig Blomqvist/ Bjorn Cederberg	Sweden	Saab 99 Turbo
Ari Vatanen/ Dave Richards	Finland/GB	Ford Escort RS
Pentti Airikkala/ Risto Virtanen	Finland	Vauxhall Chevette HS2300
Roger Clark/ Neil Wilson	GB	Ford Escort RS
Per Eklund/ Hans Sylvan	Sweden	Triumph TR7 V8
Russell Brookes/ Paul White	GB	Ford Escort RS

BOOKS

Orwell—the shock of war in Spain

By C. P. SNOW

Orwell: The Transformation by Peter Stansky and William Abrahams. Constable. 240 pages, £6.95

Here in *Orwell: The Transformation* is the second of the investigations by Stansky and Abrahams into Orwell's life before he became one of the best known publicists of his time. The book has all the virtues of the first, the scrupulousness, the care, the sensitive knowledge of Orwell's English environment, and is executed with—to repeat something I have written before, because I can't find a more accurate phrase—the same kind of ruthless delicacy. It is not so entirely satisfying as the first, partly for a reason which is no fault of the authors, partly because they haven't grappled robustly enough with the nature of Orwell's politics, or perhaps with the nature of politics itself.

The first reason is simple enough. Orwell left a veto on any biography of himself. That won't be respected for ever, but Stansky and Abrahams have done so. It was a curious veto to impose. Not many men have troubled to make it (the most thorough-going case was A. C. Benson, who wished to be forgotten as though he had never been, in which he didn't succeed). It would be stupid to suspect that there were dark misdeeds in Orwell's life. No one has lived more honourably by his own code. Perhaps some people, as they get near death, feel more bitterness about things they haven't done than about those they have.

The restriction on decent and conscientious biographers such as the present authors is crippling. Biographies, which can be works of art, and in the hands of these two men certainly are, need like other works of art a beginning, a middle and an end. The end, of course, has to be the last years and death. Orwell died young, at 47. His fame arrived suddenly in his final decade. We are left wondering, unappeased, as to what was the mood of that fiery and discontented spirit as he contemplated the trick that mortality was playing on him, or how much thought towards the end he spent with his own political vision.

That, however, Stansky and Abrahams, for the most creditable motives, have refused to explore. This book ends, as does the whole of their biographical inquiry, when Orwell left Spain in the summer of 1937.

The central theme of the volume is the emergence of Orwell into his own kind of political consciousness, as the result of his Spanish experience. The authors make the transformation extremely sharp — almost certainly sharper than it could have been—from a political innocent aspiring to be an aesthetic novelist, into a voice of political conscience; and the liberation of George Orwell from the ghostly presence of his original identity as Eric Blair.

All this is honestly written, awkward corners not avoided. Stansky and Abrahams don't shirk the fact that Eric Blair was a passionately ambitious writer, with his full share of the rancorous envy of most young writers who see others recognised and acclaimed while they are not. It is clear that in his early thirties he still would have liked to write novels which got as much attention as those of say, Henry Green, Elizabeth Bowen, Anthony Powell, and which in his hopes were not so different in kind. He had nothing of such writers' gifts, and his early novels are not worth the devotion that Stansky and Abrahams give them.

He was unusually slow in discovering his own gifts. In *Down and Out in Paris and London* he had already shown that he was a very good exponent of personal journalism, not a particularly trustworthy reporter but exuding passion and making convincing protests against the injustices that he saw (and incidentally felt in his own existence). This sense of injustice, and his mission to make the world better, were both intensely personal. Meanwhile he gave no attention to the realities of politics and went on writing semi-realistic novels for which he had little talent.

Then he went to Spain. This was because of the generous impulse that impelled a good many intellectuals of his time at the start of the Spanish Civil War—probably the most generous impulse that collectively they were ever to have. When he arrived in Barcelona in December 1936, he was swept away by something like a religious emotion. This was how life ought to be, classless, happy, exuberant, the poor man's paradise. He had come on the pretext of working as a journalist, but he was a courageous and dutiful man who had had some military training, and he decided that he would be more useful as a soldier.

The trouble was, he hed, without knowing it, descended in the middle of a political shambles. He felt all the exhilaration of John Reed watching the first days of the October revolution, but Reed, underneath his rhetoric, had far more political instinct than Orwell. Reed picked the right horse, Orwell a loser. Orwell's imagination was caught by the Anarcho-syndicalists, who had their attractions, but were about as likely to be a useful force in Spain, or anywhere else, as a modern revival of the Levellers.

So Orwell took part in some front-line fighting, got wounded, saw his beloved anarchists in Barcelona put down by force. He also saw the lie in life. This was how noble hopes were suppressed by evil men. Politics were a cheat. Yet, for he didn't give up hope easily, there must be some kind of politics which gave something more human than anything he had so far seen. He never found it, though he had found exactly the subject where his talents and his passions fused.

In practical terms, he could have searched the world today, and inspected a gigantic laboratory of political structures, including any that men have so far invented. But he wouldn't have found the Orwellian Utopia. That is, his own politics were a means of self-expression. He was the voice of an ideal world. Even the most benevolent of politicians aren't, and can't be, like that. The politicians who have pushed the world an inch or two towards a more desirable state have not done it as a means of self-expression. It sounds perverse, for they have often been abnormally vain, but they have also been more humble about what they, or anyone else, could do.

Orwell saw, of course, the lies in politics as he did the lies in life. This was the voice of Savonarola—sometimes crazy (a sane man can't expect, if he is taking part in a war which everyone round him believes to be life and death, as in Spain, to take time off to denounce his own side). There were plenty of occasions here in 1942 and 1943 which for the purposes of abstract justice merited the full Orwellian treatment, but even the most high-minded of libertarians wouldn't have thought it an especially good idea. On the other hand, Orwell was sometimes nobly independent and nobly right. Towards the end of his life, he had become a popular figure, for obvious reasons, with orthodox opinion. Earlier on, he hed taken the bitterest of hostility and personal hurt. He was the least suggestible or cowardly of men, and he just rode on.

One thing may happen. He became a masterly teller of satirical fables—not *1984*, which, if we forget the verbal delights, is a sick man's book—and fables have a knack of outliving their origin. There is more than a slight resemblance between George Orwell and Jonathan Swift. Orwell was the loftier character, but they have in common a splendid plain style and a certain innate innocence in politics. *Gulliver's Travels* was intended as a savage satire on Walpole and his Whig Government. How many people read it like that today? But they read it with simple happiness. It would be a singular irony if *Animal Farm* were in a century or so to be read as a charming animal tale.

F.T. BOOK PAGE COMPETITION

"My Worst Christmas"

A prize of £50 and other cash prizes will be awarded for the Financial Times Books Page Competition. Competitors are asked to describe in not more than 250 words of prose, or 20 lines of verse, the worst Christmas they have ever spent or the worst Christmas they can imagine.

A special category of prizes may be awarded for competitors still at school. To enter for this state age and name of school at end of entry.

The results, winning entries, and a report on the Competition will be published in the F.T. on Saturday December 22.

Entries should be sent to The Literary Editor, "The Financial Times," Bracken House, Cannon Street, London EC4P 4BY and marked "Books Competition," in the left-hand corner of the envelope.

Closing date: December 6—no entry will be accepted which arrives after that date.

FICTION

Swarming around

By ISOBEL MURRAY

McKay's Bees by Thomas McMahon. Constable, £4.95, 198 pages

Confederates by Thomas Keneally. Collins, £5.95, 427 pages

The Pornographer by John McGahern. Faber & Faber, £4.95, 252 pages

The Storyteller by Alan Sillitoe. W. H. Allen, £5.95, 285 pages

The novel is alive and well, and living in Harvard, Sydney, Ireland and Kent. The four novels selected here with difficulty from a talented bunch demonstrate different strengths and vigorous growths. If any novel form occasionally seems to have outlived its usefulness, it is perhaps the historical novel, the duty dance with the past. But McMahon and Keneally here seize on history, recreate it with grace and music, justify the form.

McKoy's Bees is an extremely impressive novel, set in America in 1855. McKay is a rich, volatile man with a wife called Catherine and a weakness for great enthusiasms. One of these is the occasion for the events chronicled here. McKay has read a book about bee-culture and has conceived a great, wild ambition. He will build a city in the new territory of Kansas and establish his fortunes by the expert cultivation of bees.

To cover the unproductive winter months, he takes along some German immigrants with skill in making musical boxes and clocks, and by the time he sets off up the Mississippi he also has a pair of alligators for breeding. McKay's blind thrust into the unknown brings terrors and excitements and glimpses into the inexhaustible reaches of the human imagination.

A major theme is concerned with the ways of nature. Sewell, former river pilot, explains the habits of bees to Catherine bluntly and without embarrassment. He is impressed by the variety of species of beetles to be found in even a small corner of Kansas. The writer of the original bee-manual is a cleric whose mind seems half destroyed: the quasi-official national naturalist is going bankrupt and is obsessively rejecting the conclusions about evolution emanating from Darwin.

All of this engenders in the novel an enormous appetite for the miracle of life, an interest in the lands being tamed, the creatures discovered. And all of it silently works for the cause so hated by the neighbours in Missouri, abolition of slavery. McKay is not the abolitionist he is spurned for being: his only reason for not buying a negro was the price. Few of these characters are particularly political; none look for war.

But the biological conclusions about origin of species being derived from natural observations are forcing conclusions about negro and white man: a "revised scheme of creation" will stand behind Lincoln's freeing the slaves. McMahon's novel is a rich and variegated book, presented with extraordinary energy and freshness. It is invigorating, funny, sad and very finely written.

Confederates is the second of Thomas Keneally's historical novels to have been short-listed for the Booker prize. It is set in America in the Civil War soon after the events of *McKoy's Bees*. (In fact, McKay went on to make a fortune machining shoes for the soldiers of the North.) Keneally approaches the war from the South, and most of his characters' loyalties lie there. The Confederate fighting men are not represented as nigger-haters or exploiters: for the most part they have little time for politics, but fight resolutely and bravely for the defence of their homes and liberties.

As we watch part of the war, we see the veteran Volunteers insulted by the admission of conscripts, and Tom (Stonewall) Jackson marching his troops huge distances with perfect Southern manners and perfectly inappropriate diet and perpetual dysentry. We meet a cast so big the mind can hardly hold it, but we believe we are in touch with something of the reality of the war.

The Yankee cause is represented obliquely by the son of an English peer who created the profession of war-correspondent in the Crimea and is now pursuing it on behalf of *the Times*, plus a little gentle spying on behalf of the North. And there is Mrs. Whipple, widow of a Southern general, devoted matron of a Southern military hospital, who nonetheless believes that the North must win, and will spy for the North though it cost her life.

The novel makes the war too complex to allow of simple judgments except about individual bravery, convincing comradeship and the fighting genius of Stonewall Jackson, dwarfing other generals on both sides. Without exploiting the horrors of war, it underlines the colossal human folly that attempts to change attitudes and beliefs by slaughter and waste. It is a fine and compelling novel.

With John McGahern's *The Pornographer* and Alan Sillitoe's *The Storyteller* we move to the present day, and the intricate possible interrelationships of life and art. The "Pornographer" might be the first-person narrator, who writes the pornography, or his enigmatic friend Maloney who presides over its production. The setting is Ireland. Our hero is a strange mixture of a man, who visits his dying aunt in hospital with disguised tenderness and sensitivity, and brandy for the pain. He also writes pornography. And he meets, seduces and impregnates an older woman with cold, unpleasant detachment, utterly determined to refuse her greedy possessiveness.

The story is somehow about his realisation of the inadequacy of his approach to life, and it climaxes with the funeral of his aunt, at which the failed poet Maloney, the hero's elder ego, arrives. Ireland, says Maloney, is a whole country "going round in its coffin," and with the most uncivilised ideas about physical love. Ireland and our hero seem to be unnaturally separated entities: a more integrated notion of love has to be achieved.

Impossible, though, to summarise the ideas so subtly suggested by John McGahern's novel. Far more is conveyed by his "selection of word and phrase, his tact of omission, than could be conveyed by any commentary. The dramatic presentation of experience through a fully realised narrator is at the heart of the novel's success.

Alan Sillitoe's *The Storyteller* could be described as a parable about the relations of life and art if it were not so firmly grounded in a realistic world. As it is, I'm not sure how to describe it. It is the tale of a man who tells stories for a living, who cannibalises and transforms his own experiences for the entertainment of paying audiences, who wounds his wife by describing their marriage in public.

The extraordinary imaginative gift which the child Ernest Cotgrave (metaphor?) discovered in a school playground as a way of escaping the school bully eventually becomes a demonic presence: he is in the power of his imagination, and eventually neither he nor the reader can tell fantasy from reality. I found it a very clever, inventive and puzzling book.

Didion's dilemma

By RACHEL BILLINGTON

The White Album by Joan Didion. Weidenfeld and Nicholson, £5.95, 224 pages

Joan Didion is a novelist. This is the essential behind her new collection of non-fiction. One would like to call the contents essays. But they are not. Reading them reminded me of a top-class pianist who for some reason—more to do with a lack of confidence than any technical difficulties—is making an endless series of false starts. Each time one hopes a shape will emerge. Each time one is disappointed. In the end one learns to be content with what is offered. A collection of pieces, brilliant but unfinished and linked only by the author's gift of observation.

Joan Didion herself is aware of this. In the most satisfactory chapter, actually called "The White Album" she makes a virtue of it. The decade, 1968-78, was, as she describes it, essentially a period without shape, without meaning. For her in particular and for the country as a whole:

"The only problem was that my entire education, everything I had ever been told or had told myself, insisted thet the production was never meant to be improvised: I was supposed to have a script, and had mislaid it. I was supposed to bear cues, and no longer did. I was meant to know the plot, but all I knew was what I saw: flasb pictures in variable sequence, images with no 'meaning' beyond their temporary arrangement, not a movie but a cutting-room experience. In wbat would probably be the middle of my life I wanted still to believe in the narrative and in the narrative's intelligibility, but to know that one could change the sense with every cut was to begin to perceive the experience as rather more electrical than ethical."

In a later chapter, she rebels against the structure the fiction writer imposes on fact, using the term "short story" as derogatory and "novel" as the ultimate aim:

"I was not going to Honolulu because I wanted to see life reduced to a short story. I was going to Honolulu because I wanted to see life expanded to a novel, and I still do."

These and other introspective passages are best explained as the agonisings of "a novelist" who finds herself particularly gifted (and successful, vide her previous collection *Slouching to Bethlehem*) in what amounts to journalism. Her contradictory rebellion against shape and desire for meaning are the outcome of a superb reflective gift.

She has all the best American journalistic tricks, recalling, though without such stylistic fireworks, the best of Tom Wolfe. Every page is crammed with names, dates, places, quotations from life or literature. It is a richly worked tapestry of experiences, recalled in exact detail. No information is without use. Or without meaning?

It would be wrong to be drawn into Joan Didion's own self-douhts. Here in one smallish book is a portrait of America brought to us with professional intimacy. On Malibu, Honolulu, Migraines, Massage, Hollywood, even on Shopping Centres she has something to reveal. Only occasionally, she allows the facts to run away with her. Does anyone care that the biggest shopping centre in the United States covers two million square feet and is situated at Woodfield, outside Chicago?

Ripeness is all

The View in Winter by Ronald Blythe. Allen Lane, £6.95. 319 pages

Today's old people are the first generation to experience full scale retirement of possibly 20 years or more. The author approaches the subject delicately, with an open mind and an open ear. His art has been as much in careful listening as in his writing. He has neither embellished his material in any way nor has he inflicted any preconceived ideas on the reader.

Although some social workers seem anxious to herd the elderly together, old people do not necessarily have a great deal in common. Probably the older they are the more set in their ways and intractable they become. However, most of those questioned agreed that they derived enormous reassurance from their memories and made constant pilgrimages both in mind and body to the scenes of their youth. Another point at which most arrived, sooner or later, was a philosophical acceptance of what is now no longer possible for them. Frustrations brought by physical decline were made all the more poignant by defeating their still strong wishes and emotions.

KATE MORRISON

Trevor Humphries

Bernard Levin: crusading wit

Morning glory

By REX WINSBURY

Taking Sides by Bernard Levin. Jonathan Cape, £6.50, 290 pages

Bernard Levin, columnist, once had a rule that his columns, once written, should be relegated to what the Americans so brutally call "the morgue," meaning the newspaper library, never thence to be resurrected. It was and is a sound rule for 99 per cent of all journalism, but I am now persuaded that it is a sound rule for only about 67.7 per cent of Bernard Levin's.

He first made me laugh over 22 years ago when I was a student and he only just not a student, and has continued to entertain, irritate and enlighten me, along with many thousands of others, ever since. The best of his twice- and latterly thrice-weekly contributions to The Times, and some others, are collected together here—the result, no doubt, of the idleness enforced by The Times being made idle.

If I had any doubts about whether such a collection was worth making (and I did) they were relieved by the very second piece printed, a bitterly funny piece about a wretched teacher who dared to complain about being dismissed for having sexual relations with a 16-year-old girl at his school (but has even that dated a little in four years?). Doubts were finally dispelled by an utterly charming tribute to his hairdresser, on his retirement after 12 years of cutting Levin's unruly mop (as I recall it from television), under the title "Goodbye Mr. Clips."

Neither these, nor his attacks on totalitarianism and his defence of Wagner, make Levin the greatest journalist of our age—a claim made for him hut not, I suspect, by him. But he is unique, brilliant at what he does, prolific, rarely if ever boring (of how many can one say that?) and cares intensely but undogmatically about the world about him. Indeed, one could not write so often, so well, and with such humour and wit, without also caring. The wonder is that the care has not been lost, as it has been with so many other journalists, under the welter of words and the necessity, born of the format and the frequency but not of the feelings, to simplify and exaggerate.

And for his fellow arachniphobes the book must be worth treasuring for its horrific account of that malady, so embarrassing but also so useful, as he puts it "to a man contemplating the political scene . . . why, even Mr. Crossman, viewed from between the legs of Aranea cucurbitina, takes on a harmless aspect." Mr. Levin, I am sending round my Spiderman comics right away.

A.L.

By JOHN CURTIS

Allen Lane: King Penguin by J. E. Morpurgo. Hutchinson, £9.95, 396 pages

Allen Lane instilled into his *colleagues an undying loyalty*, even though this was often not reciprocated. W. E. Williams, his close associate in the editorial planning of Penguins from the early days, and who from time to time received more than his share of the famous sulks, wrote a back-handed memoir a few years after Lane's death in 1970. Now, J. E. Morpurgo, biographer, historian, one-time Penguin editor and close friend of "A.L." until the inevitable break, has written what can only be one of the most detailed studies of any publisher and the empire he created ever to find its way between hardcovers.

The author's proximity to his subject—his son married Lane's eldest daughter—places him in a unique position to sort out the truth from those apocryphal stories which have long become part of the Penguin legend. For example, he analyses in detail the marketing factors behind Lane's successful launch of the first Penguins, thus the well-known story that they succeeded only because the wife of the buyer at Woolworths thought they were a good idea falls into its rightful place.

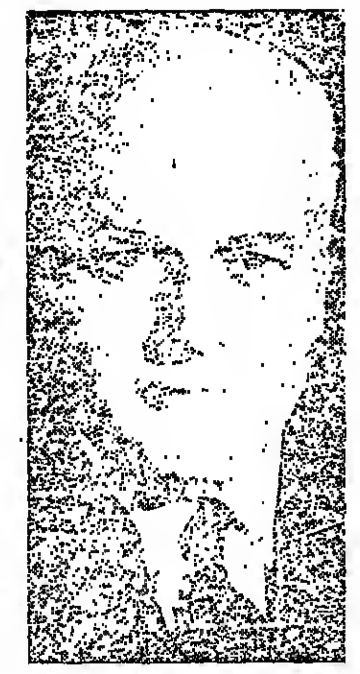
He also puts into perspective the subsidiary roles of Lane's younger brothers, particularly John who was killed in the navy during the war. Nor does Morpurgo's first-hand relationship with his subject prevent him from assessing Lane's character with great detachment. *If* Graham Sutherland had painted Lane's portrait, the picture might have been very like the one that emerges in words from this book: the mask-like face of the latter years; the frozen smile and the charm giving no indication to the unwary of the ruthless machination beneath. His enthusiasm was more than infectious and there were many famous and unsuspecting victims who were led on, very often to the edge *of a contract*, before he dropped them and disappeared from the office for a time, to Priory Farm or his villa in Spain.

Although a great publisher, Sir Allen was not a great reader. In the 1950's it was a standing joke among several of us in the office that the only book he appeared to read over a number of years was P. G. Wodehouse's autobiographical volume, *Performing Flea*. But he had a sure touch for every aspect of the book trade and an unerring ability to utilise other people's talents. He was one of the first to see the importance of "public relations" in the world of publishing and, long before it was a generally accepted principle, the need in selling books to "market a product."

Inevitably the man and the empire he created are inseparable: Morpurgo writes as much about the history of Penguins as he does about its founder. Many readers will find too many details here about the conflicts of management, particularly in the early days. These inner tensions were a characteristic of Penguins, particularly as A.L. deliberately generated a competitive spirit among his junior colleagues. But it is from the quality of its list that a publishing firm is judged by posterity, and greater attention to the titles published rather than to the office politics surrounding their publication would have given a deeper insight into the firm's history and A.L.'s role in it. For example, the list went through a very dull patch in the mid-1950s. Morpurgo makes a passing reference to "new entrants to the paperback field" at this time, but he does not examine Lane's failure to acknowledge the competition until it was almost too late.

At this period, Lane rightly saw Penguins as an institution, *as impregnable as the BBC*. For this reason he was dilatory to accept other firms as serious competitors, prepared to pay large advances for important or commercial properties. To give but one obvious example: Kingsley Amis's *Lucky Jim* did not become a Penguin. The period was also a watershed for Pelicans. The original concept of the Popular Educator was lost for a time; and the list became highly specialised under the editorship of A. S. B. Glover, whose many skills are rightly recorded in this book.

And so to the 1960s and Tony Godwin's appointment as chief editor. Power politics at this time, when Penguin had become a big company, indeed an institution, make fascinating reading. Morpurgo charts the events of these years and of the 1970s after Lane's death with great skill.



Allen Lane: all the publishing skills

Allen Lane, whose two great obsessions at the end of his life were the succession and the establishment of a trust or structure to maintain Penguin's independence, continued to act in his characteristically unpredictable and chameleon-like style. Tony Godwin before he died gave me his review copy of W. E. Williams' memoir and I was not surprised that the only word describing Allen Lane he had underlined was "mercurial."

Mr. Curtis, who is deputy chairman of Weidenfeld and Nicolson, worked at Penguin Books from 1953 to 1961.

SF saga

An Infinite Summer by Christopher Priest. Faber and Faber, £5.25. 208 pages.

One of Britain's major SF talents takes us on a trip through country that he has made his own—haunting, elegiac and often terrifying. In the title story two lovers are trapped for eternity in a blissful Edwardian summer, only to have their trance shattered by the German air raids of World War II. Priest is now the leading exponent of that delicate, poetic brand of fantasy stretching back to Walter De La Mare and A. E. Coppard.

RAY LARSEN

FINANCIAL TIMES

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Saturday November 17 1979

The old Duke's last foray

IT HAS been an expensive week, in terms of both money and confidence, for the Government, the taxpayer, the householder and for the whole economy. Only the stags of Government stock, who made a quick profit amid scenes almost as disorderly as the celebrated Battle of Watling Street, have any grounds for satisfaction about what will, it is profoundly to be hoped, prove the last demonstration of an old-style monetary crisis.

Under control

In terms of its immediate objective the operation has been a success. The Government has sold large amounts of debt and will thus be able in due course to mop up the money created by the unexpected strength of private loan demand. The money supply as officially defined is therefore under control again. The price of credit has at the same time been raised to something nearer to the expected rate of inflation. Householders will shortly have to pay a (tax-deductible) rate of interest of 14 per cent or more and savers with the building societies will receive a return which slightly slows down the erosion of their capital.

Bank borrowers will for the time being be asked to pay a significant real price for credit, and it is possible that they will thereby be discouraged from borrowing; but there is precious little evidence of this kind of response in the past. In British conditions, indeed, borrowers with reasonably long memories can afford to be philosophical about the ups and downs of interest rates, because experience suggests that every crisis peak in rates is the prelude, within a few weeks of a strong downward trend. This manoeuvre of raising rates so that they can subsequently decline is not an accident; it is inherent in the system. Since monetary control depends on the sale of Government stock, whose capital value rises as interest rates fall, a crisis can only be surmounted by raising rates high enough to create the expectation that the next move will be downwards.

Shortcomings

This strategy, which has become familiar in the City as the Grand Old Duke of York manoeuvre, may soon be consigned to the history books. Its shortcomings—built-in crises, an ever-rising burden of long-term debt service, and the financial distortion which it produces—have been widely discussed, and it is now clear that the Government is determined to change the system of control quite soon. A discussion document setting out the proposed changea may appear in a matter of weeks.

However, even without reform, the system would probably fail to perform its accustomed miracles; for it cannot be taken for granted that rates will quickly subside on this occasion. The October crisis occurred, after all, because the 14 per cent minimum lending rate imposed in June failed to check credit demand. Since then inflationary fears have been inflamed, and interest rates around the world have risen steeply. The background does not favour an easing of rates.

The abolition of exchange controls has clearly made the London market more sensitive to international conditions, because it is now theoretically possible—though in practice highly unlikely—that an important proportion of the new savings available for investment will leak abroad. The speed and extent of the fall in market values during the present crisis, and indeed before there was any evidence of a crisis, suggests that the gilts market may now be too unstable to carry the sole burden of monetary control. This is especially true when the Government is trying to restrict monetary growth to a percentage well below the current rate of inflation, something very different from tha gradualist policies of earlier years.

Gyrations

However, the strongest reasons for a new approach are not based on the technical problem of monetary control, but on the long-term implications of present methods.

The causes of monetary growth are essentially short-term—current net Government spending and private borrowing. It is therefore logical to suppose that the main weapons of control should be the cost and conditions of short-term credit. A system relying on long-term funding relies in the last analysis on gyrations in the long-term rate of interest.

This has sad implications both for the taxpayer and for industry. Industry has been virtually excluded from the long-term markets ever since the inflationary crisis set in; and the service cost of the long-term securities issued now accounts for the whole of the public sector borrowing requirement whose excessive size is the root of the problem. The long-term stocks issued since the 1976 crisis have now added about £3bn to the borrowing requirement annually until the early years of the next century.

It is clear then that the markets have not seen the end of the enormous changes born of inflation, structural change and a new Government philosophy. With the added strains imposed by uncertainty over oil-prices and by the virtual economic war between the U.S. and Iran, we are bound to suffer considerable uncertainty and turmoil. All the more cause to be grateful, then, if this week has provided the last example of the self-imposed turmoil which has passed in Britain for monetary control.

POLITICS TODAY

The week that shook the Tories

AS THE Beatles used to sing in the 1960s, "It's been a hard day's night." And indeed, the week of Sir Geoffrey Howe's second Budget contained more than one touch of nostalgia. Not only had the Government's economic policy been blown off course; there were also the former Sir Anthony Blunt, an immigration White Paper and even Rhodesia (settled perhaps at last?) to remind us of things past.

Politics, in fact, have returned, as we used to know them. The interludes of the hung Parliament and Mrs. Thatcher's honeymoon are over. What we have again is a Government with a safe majority whose problems will come not from the opposition but from within its own ranks—and from sudden, and sometimes unexpected storms.

Politics are also again about economic indicators. It will be a matter of watching for something in the economy to come right in time for a political recovery before the next general election. That too is reminiscent of the 1960s, though this time there is more at stake.

The financial crisis took the Conservative Party, and to some extent the cabinet, by surprise. Even the Treasury team of ministers, who had advance warning in the shape of early notice for the October banking figures, were caught unawares. They had never expected that the figures would be anything like as bad. The Bank of England forecasts or calculations had been that there would be a gradual reduction of bank lending. They were spectacularly wrong. The calculations also included VAT revenues which failed to materialise.

Overtaken by events

The Treasury thus had two choices: it could try to treat the figures as an aberration and seek to ride out a minor crisis in the markets; or it could acknowledge that something was wrong and tighten its existing policies. There was never any question of going into reverse.

As it happened, the Treasury was overtaken by events. It is ironic that a Government which is doing its utmost to restore the economics of the market place should have received its first setback from the markets themselves. But that is what occurred—or almost. The City's loss of confidence in the Government compelled the Treasury to choose the second course, and to pursue it even more vigorously than it might otherwise have done.

The Treasury is not resentful about this. On the contrary, there are some who actually welcomed the opportunity to tighten the screws. The fact that the markets were unhappy about government policies was proof, as it were, of the need to apply those policies more strictly.

That is the basis of the package presented to the Cabinet on Thursday morning and to Parliament in the afternoon. It explains, for example, why the Minimum Lending Rate went up to 17 rather than 16 per cent.

There are differing accounts as to the degree of rapture with which the Cabinet received the plan. But let us put it this way. There was no dissent. Nor was there any great dissent to speak of in the Conservative Party as a whole. The meeting of the Party's 1922 Committee, addressed by Sir Geoffrey on Thursday evening, was by all accounts a reasonably cheerful affair. The Tories' most vociferous internal critics still come more from the right than from the left; that is, they are composed of those who think that the Government has still not gone far enough in cutting public expenditure.

On the whole, however, the mood of the party is something like this. It is still far too early to turn back or change course. The Government has embarked on an experiment, the outcome of which is unknown and will remain unknown for some time to come. Besides, what are the alternatives? Hardly anyone in the Conservative Party now believes in incomes policies as they have been tried in the past and, as for an incomes freeze, it is no more than a last ditch resort which gives a Government time to think about what to do next. For the present, therefore, it is better to press on. Any talks of a U-turn is invented by journalists.

Yet something has changed. Any Government, any Prime Minister, starts with a certain amount of credit, if "credit" is not too loaded a word to use in present circumstances. In the economic field Mrs. Thatcher's credit, and that of the Treasury team, was monetarism. The party took it on trust. It believed it was no longer necessary even to look at the economic indicators on a regular basis. Sooner or later, monetarism would work.

That trust can no longer be taken for granted. People are beginning to ask what monetarism, or even what money, is, and whether the policy is being applied in the right way. The latest, fashionable example is the attack on credit cards, which some of the older Tories never much liked in the first place. Nowadays, apparently they are even used in supermarkets.

There are several reasons why these stirrings of discontent have not become more public. One is the widespread belief that monetarism must be given its chance. Another is the way the Government is departmentalised. The cabinet does not sit down and have a general discussion of economic policy, or at least it does so very rarely. Even the cabloet committees tend to be composed of the specialist ministers. Economic policy therefore tends to be made by the Treasury team and, of course, by Mrs. Thatcher.

A hard day's night: the Beatles sang it in the 1960s and today's Treasury team can echo the sentiment, though hardly with nostalgia, as the British economy takes on a familiar look from the past. The ministers in the foreground: Sir Geoffrey Howe, Chancellor of the Exchequer, with his Ministers of State, Mr. Peter Rees (left) and Lord Cockfield (right).

But there is another group of ministers who, however much they may be otherwise engaged, clearly have an interest in what is going on. For one thing it affects the party's electoral prospects. For another almost any minister tends to have a view of the economy and of what should be done.

This group, though perhaps group is still too strong a term, is gradually assembling around the banner "monetarism is not enough" which is, quite incidentally, the title of a famous lecture given by Sir Keith Joseph while in opposition. It includes Sir Ian Gilmour, Mr. James Prior, and Mr. Michael Heseltine, and is sometimes referred to in the Treasury as "the patricians," which suggests yet other adherents. It remains unclear by what monetarism should be complemented, but the feeling is there that present policies are inadequate and one would expect it to grow.

In the parliamentary party as a whole the reasons why the apprehensions have not yet come more to the surface are perhaps more complex. The Tory Party today is not preeminently the party of the economy. Some of the younger Tories are not mnch interested in it, and indeed the only Tory MP to have made a speech this week remotely critical of government policy from the left was Mr. Peter Tapsell.

Yet the stirrings do come through. There are, for example, all those questions raised in the House of Commons about the closure of small hospitals or the end of school buses. It is rather like Labour MPs in the last Parliament who demanded cuts in defence expenditure so long as they did not affect their own constituency. Tory back-benchers are much the same. They approve of the Government's economic policies in general, then add: "By the way, such and such a hospital is a special case."

And, of course, they have had the constituency feedback. It started with the increase in VAT, then the mortgage rate. For many people the tax cuts in the budget (£1.30 a week net for the average family) have already been eroded, and now the cycle may start again with the rise in interest rates. It is not surprising that the party should be taking less on trust, and showing more awareness of economic policy.

At present the most obvious manifestation is the complaint that there has been a failure of communication or presentation. Even the Treasury team does not entirely disagree. Mr. Angus Maude, the member of the Cabinet responsible for information policy, is not at the moment the party's most popular figure. There is a call for someone to go out to the people and explain what is happening; in fact, for an Iain Macleod. But who is there? Mrs. Thatcher herself is already doing the best she can. Mr. Heseltine perhaps . or Mr. Prior? Both men seem to be holding their fire, and there is hardly anyone else.

Left-wing worries

It will not have escaped notice that when a party gets into this mood of blaming its unpopularity on poor presentation, something deeper may be wrong. On the Tory Left there probably is. There is a feeling, more noticeable than ever this week, that the party may be losing its good will, so painfully restored over the years, among so-called opinion formers and liberal intellectuals. The attempt to cut the external services of the BBC is one example. Another is the immigration White Paper with its outright discrimination against women, all for the sake of keeping out a few thousand immigrants. Others are the reform of the Official Secrets Act and the imposition of full fees for foreign students. All told, the Tory Left is not entirely happy.

There may also be rumblings on the right about Rhodesia. The Party was not kept well-informed about what was going on; nor it appears was the full Cabinet. There is in fact considerable opposition to the idea of a British military presence in that country. If it works no doubt Lord Carrington and Mrs. Thatcher will be given full credit. But it is seen as a terrible risk. British troops and advisers may be killed, there may be problems getting out again, and Bishop Muzorewa may have to give way to a Government of the Patriotic Front. One should not underestimate the retribution that may be in store from the Tory back benches if any of that happens.

In the end, however, it comes back to the economy and to looking for signs that government policies are beginning to work. No-one expects anything good in the next six months though there may well be an experiment through the National Economic Development Council in securing better relations with the trades unions. So the Government has at least so much leeway for its present strategy, and probably twice as much.

After this week's events the Treasury team is confident that it is again in control. It does not expect inflation to rise much more than forecast. It is reasonably content with the exchange rate and not unduly dismayed by the balance of payments, despite the bad October figures.

What does worry it, and indeed worries the whole Government, is earnings. These have been rising far faster than any internal assumptions suggested. The level of pay increases is not yet regarded as catastrophic, but it is causing the greatest concern, not least because there is a tendency to assume that it will be even worse next year. No-one is quite sure what to do about it, but one would expect a great deal more exhortation.

The other problem is Europe, which becomes worse the more the Government stresses the need to reduce public expenditure. As Mrs. Thatcher herself points out, the expenditure White Paper would have looked quite different without the £1bn net contribution to the Community Budget. There is no doubt here that she has the party behind her, but the question is what to do if she fails to produce the goods at the Dublin summit at the end of this month. The general belief is that she will be lucky to get half of what she is asking.

One's own suggestion, for what it is worth, is that Britain should take the Community to the European Court and plead unfair treatment. After all, the original six members did declare in 1970 that "should unacceptable situations arise within the present Community or an enlarged Community, the very survival of the Community would demand that the institutions find equitable solutions." That was in a note given to Britain. It is time to draw on it.

Malcolm Rutherford

Letters to the Editor

Communications

From Mr. H. Oyns

Sir,—Peter Blood "Talking to your colleagues" (November 13) may well be correct that marketing and sales people's talents are not well used in this sphere of employee communication, however, may I suggest cantion before encouraging them to mount too direct a takeover bid for this responsibility.

Our experience provea that the responsibility for employee communication must rest with the company's management at every level. If people on the "shop floor" are going to be communicated to, then to stand any chance of success it must he done on a regular hasis hy the immediate boss. It is he that is accountable for the performance of his team and, therefore, mnst ba tha communicator. Our colleagues in sales and marketing are, of course, the people to talk to sales and marketing people. No one, however, is hetter qualified to talk to the people on the "shop floor" than their foreman/supervisor; he does, after all, speak their language.

I do, however, find myself in complete accord with Peter Blood's comment that: "At present, I believe that employee communication is often being done in the wrong way by the wrong people." If we are to stand a chance of getting the "message" across, it must be done by managers, supervisors, etc., at every level in every organisation in the UK. Most of us do recognise what the problem is, many also know what the answers are, what we must do now is make it happen.

Howard S. Oyns.
Communication Department,
The Industrial Society,
Peter Runge House,
3, Carlton House Terrace, SW1.

Frames

From Mr. E. Sutton,

Sir,—Earlier this year I needed a new prescription for my spectacles. After the usual testing I received the normal offer of a choice of non-National Health frames ranging in price from £22 to £30 and opted for NHS frames at around £5.

Subsequently I came to the Cayman Islands for a year and a couple of weeks ago hroke the frames. I went to a local optician and was shown two or three frames to fit my lenses. They were all of attractive design and it was with trepidation that I enquired the price as I had no option about purchasing. When he said CI$14 (or about £8) I was somewhat relieved. I assumed that they were of Hong Kong manufacture or the like. When he produced a pair from stock in a container with a British manufacturer's name I was surprised to say the least.

The point of my letter is to enquire why similar frames cost three times as much in the UK? Who is cashing in? In case any optician should reply to the effect that it is the cost of maintaining a large stock that affects the price, our local man has an equally large stock.

E. J. Sutton.
3rd Floor,
Government Administration Building,
George Town, Grand Cayman,
British West Indies.

Risks

From the Director General, British Safety Council

Sir,—In his article on risk management "Premium on prevention" (November 13) Anatole Kaletsky writes that "insurance is no substitute for detailed analysis and costing of risks."

While thus recognising the importance of efficient analysis and evaluating systems, Mr. Kaletsky does not stress sufficiently the non-insurance component in the vital next step of a risk control programme—risk reduction.

In contrast to the writer's brief mention of "loss control measures" I would emphasise that this is the kernel of all risk management, and I suggest, with due respect, that insurers are not always tha people best qualified to advise on it.

If risk management is to be used to its full potential by British industry, I feel we have to recognise that safety and loss control are as important to a company's risk reduction programme as insurance, the traditional risk transfer method.

Loss control has been operated hy many safety managers—with dramatic results—for the last 20 years. Although lacking the financial expertise of an insurance expert, the trained safety manager will have years of experience in measuring and pinpointing weak areas and potentially hazardous situations, and in removing or reducing risk before injury or damage occurs. Thus, be is one of the hest qualified men within the company in terms of risk management methodology and idealegy.

While risk management develops in this country insurance experts will obviously have a major role to play, and there will be situations in which their expertise is crucial. I know, however, that forward-looking companies are planning to train their own risk management experts. I would advise them to consider seriously the possibility of promoting trained safety managers into this role.

In the meantime, the insurance specialists could do well to think again about their priority methods of risk reduction, and utilise the expertise of the people actually trained in loss control at grass roots level, to implement effective risk management.

James Tye.
British Safety Council,
National Sofety Centre,
Chancellor's Road, W6.

Theft

From Mr. H. Shepherd

Sir,—In the article on store thefts in your retailing supplement (November 12), David Churchill, albeit unwittingly, may have clouded the issue on the difference between theft by staff and theft by customers.

The figure of £19 as the average for shop theft is legitimate hut the figure of £827 for employee theft—which appears in 1978 Criminal Statistics—is of course the average of thefts by all employees. Some of these would be shop staff but others—and none of us knows bow many—would be employees of e.g., hanks, building societies, betting shops, builders, furriers, goldsmiths, and of manufacturers or distrihutors of carpets, hi-fi, and motor cars, where defalcations could amount to many thousands of pounds.

We do not yet know of a methodology by which the average of theft by shop staff can ba accurately determined, hut based on the experience of apprehensions, etc., by leading multiples, we believe that customer theft far outweighs staff theft, by probahly 7 to 1.

Harry Shepherd,
(Council Member of tha Association for the Prevention of Theft in Shops.)
Michael House,
Baker Street, W1.

Pensions

From Mr. R. Morton

Sir,—If there is any extravagance to be found in the field of local council pensions, I suggest it is in the space which over the years your paper has devoted to Mr. Nottage's lone voice.

Mr. Nottage (November 13) is wrong in saying that fund-hacked pensions have not been thought necessary for any other tax-supported body and that at present liability for increase in pensions after retirement falls entirely on a council's revenue account. Increasingly this liability is heing transferred to pension funds.

He does not either seem to understand the actuarial principles on which funds are established. The growth in annual surpluses since 1974 reflects the widening of the scheme's coverage, the growth of local authority staffs occurring in the 1960s and the increase in the rate of inflation since that time. Unless, however, the actuaries have got their sums wrong, the rise in salaries and therefore contributioos of the past five years will be reflected ultimately in pensions payable. The present large annual surpluses are thus only temporary; there must come a day when they disappear.

More importantly, Mr. Nottage does not attempt to explain the economic effects of the withdrawal of local authority funds from investment markets. If we apply his argument generally, we should all prefer current expenditure to saving and any attempt to set aside money now to meet future needs should be discouraged. As with the benefits of North Sea oil, to do this would have an adverse effect on economic growth and inflation and therefore in the ability of the economy to support pensioners in the future. It will also reduce the market for the gilts which the Government so badly needs to sell.

Not only do tha local authority unions support the principle of funding hut their interest is not merely in the security of present benefits. Apart from a hroader interest in economic growth, if that growth produces higher investment returns than those assumed by the funds' actuaries they may ultimately bave the opportunity to secure improved benefits or reduced rates of contribution. But that is the very opposite of the policy of spending now and paying later which is advocated hy Mr. Nottage.

Roger Morton.
Rose Cottage, Kirk Ireton,
Derby.

Trade

From the Director, German Chamber of Industry and Commerce in the UK

Sir,—May I add a footnote to the interesting article hy Guy Hawtin on UK-German trade (November 12). The Overseas Trade Statistics of the United Kingdom for Septemher show that UK exports to Germany over the first three quarters of 1979 reached £2.97hn about £90m more than exports to the U.S. Thus for the first time the Federal Republic of Germany is not only the UK's largest supplier hut also its largest customer.

Klaus Balzer.
German Chamber of Industry and Commerce in the United Kingdom
12/13 Suffolk Street,
St. James's, S.W.1.

Coal

From Mr. R. Boam

Sir,—British coal is now uncompetitive against South Africa, U.S.A., Australia, Poland and others by approximately $30 per ton landed at West European ports or 40 per cent. At the same time sterling as a petrocurrency will remain strong externally despite high inflation.

Whatever the outcome of the difficult wages negotiations, this situation in the near term will deteriorate. As a consequence, imports into the UK must rise and the financial constraints on the British coal industry will call for drastic measures, which cannot benefit the British economy as a whole.

One finds it hard to understand that internationally coal prodncers cannot co-operate hetter in their worldwide interests and for the sake of conservation of energy resources. A lot of coal is moved around — it seems — merely to assist bulk carriers at artificially low commodity prices.

Surely it is high time to form an organisation of coal exporting countries in which the UK as the highest cost producer by far should take the lead.

R. W. Boam.
E.A.S. (Coal).
99, Eaton Terrace, SW1.

The skirmishing over ITV franchises hots up

BY ARTHUR SANDLES

AMID ALL the fuss about proposals for the fourth television channel a few words buried in a lengthy discussion document have sent a shiver through commercial TV. The Independent Broadcasting Authority made it clear that there is a price to be paid for the prize that television companies have been claiming for years. To fund the fourth channel, a task which is looking increasingly daunting in these days of soaring interest rates, "the profits received by the ITV companies will be diminished for the first year or two at least."

The companies will have to pay an annual subscription to ITV 2 which, even on the IBA's modest estimates of expenditure, would probably average £5m a year each — much more from giants like Thames and ATV, much less from the minnows. In fact if the bill had come this year Thames would have had to chip in around £12m while tiny Border might have got away with about £4,000.

In a time of a projected downturn in advertising receipts, concern at the slow rate of revival in ratings fortunes and worries about wage inflation, that would be bad enough. But over the next year the TV companies face the prospect of having to fight for re-appointment. Perhaps the real question is whether or not many rival offers will be coming forward now that there is a large question mark over that "licence to print money."

Although it is likely to be some weeks before the IBA unveils its proposed structure for commercial television in the 1980s, apart from ITV 2, there are already signs of impatience among some of the contenders. The rival consortium planning a bid for Ulster Television's Northern Ireland franchise has published a fairly detailed account of its personnel and plans. Groups in the West, Lancashire, the East Midlands and London have also shown increasing willingness to discuss their objectives. There are even proposals for contracts which do not at the moment exist, such as the one for breakfast television shows—a plot which Thames at least intends to pre-empt by doing its own breakfast show next year.

It seems likely that most of the 15 contractors which currently have franchises in the 14 IBA areas (London has two) will face opposition when they re-apply, even assuming that the present pattern is repeated. If new areas are introduced then the competition for those would be much fiercer.

Expensive

However, new areas are not a simple matter of IBA whim, nor even crying local need. The present system of transmitters would be expensive to disturb and could also involve negotiations with the BBC which shares many facilities. When Liverpool Council asked recently what the prospect was for a local television station in the city it was told quite firmly by Sir Brian Young, the IBA director general, that because of transmitter siting the Authority "holds out no hope of a separate contract area in the foreseeable future."

One of the main comforts that ATV draws when threatened by protests about its performance in the East Midlands is that transmitter sitings make an East Midlands area perilously small for healthy economic survival.

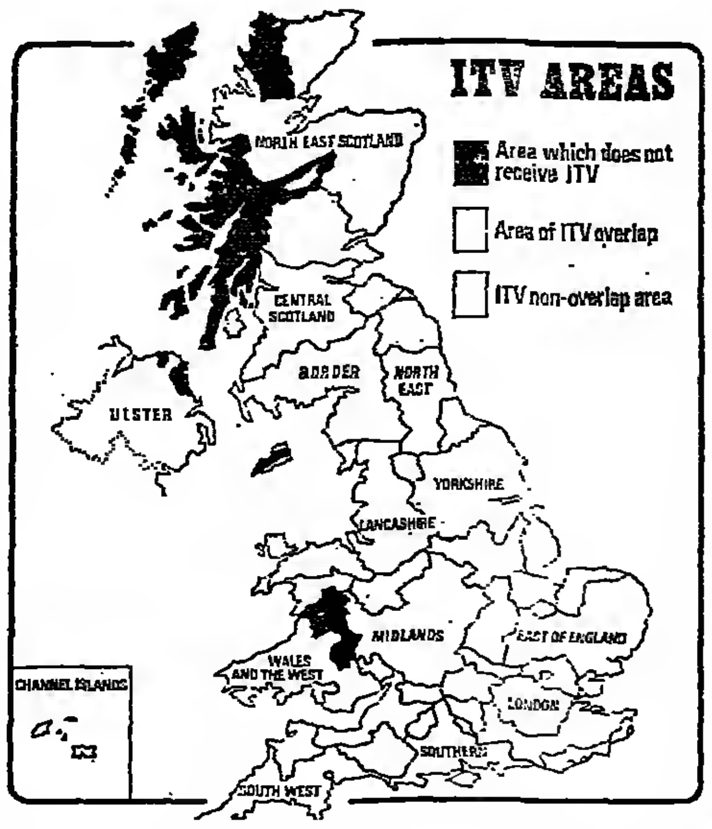
Such confidence could be misplaced.

The IBA itself is presently in a phase of what some companies see as a naive enthusiasm for leaning over backwards to sound out public opinion. In such a mood it is possibly more inclined to fragment the franchise areas further than sheer commercial sense would dictate. Cash resources are, however, likely to prove a major inhibition.

Perhaps some indication of the IBA's ideal televisual world came in the way it divided up the country for recent research into audience views of ITV performance. Instead of 14 areas the research map had 39 regions of the country which the IBA saw as having separate identities—Northern Ireland, for example, was split into two. On this map the East Midlands is certainly seen as a separate area, as is Oxford, North Lancashire and the South East toe of England.

But the most tipped course of action for the IBA is not the creation of new areas, with the possible exceptions of the East Midlands and parts of Lancashire, but some tinkering with the present ones. There might, for example, be a reduction in the area covered by the two London stations, a move which would not only reduce the weekday contractor's position of enormous power in the network but also perhaps answer critics—and now public opinion in the form of the IBA's own research—who suggest that the London stations lack the ability to identify with their audience to anything like the degree that smaller stations do.

In its manoeuvring in this field the IBA is subject to the desires of the Home Office whose overall broadcasting strategy to some extent dictates IBA tactics. The Home Office has consistently demanded that the Authority apply itself to filling the holes in its coverage rather than in giving fine tuning to the present system. Where major transmitter work is needed—in North Lancashire for example and even the East Midlands—the IBA might feel that there is a greater need to bring ITV to the valleys of mid Wales and North West Scotland than to spend money on re-engineering existing services.



In its examination of local views both by survey and hundreds of public meetings, the Authority members seem to have been impressed by the strength of local feeling. Its representatives were swamped in Swindon by protests that the locals felt more West Country than Midland. In Weymouth they were told the local population are Southerners, not West Countrymen. The IBA may try to meet some of these demands, but probably only where the cost is not too high.

Changing of the boundaries might leave the broad sweep of ITV's structure much as it is today, but its detail could transform the life of some companies. Just as there are organisations under pressure to shed some of their territory, so there are others which appear to have so impressed the IBA—Anglia is one—to make it ponder whether they should have a larger slice of the cake.

There are reasons why there is now so much rumour and manoeuvre. Inspite of its declarations of public involvement, the IBA sees the fight for new contracts as a highly structured dance for which it writes the steps. The Authority tends to be upset by groups which make their contract claims in public before starting official discussions. You can be sure that for every consortium that has so far shown itself publicly there are three tying low and waiting for the official go-ahead.

There is some justification in this apart from the risk of rufffling the IBA's feathers. As one potential contender put it: "There ain't no bidding until we know what we are bidding for." Thus the lobbying of the IBA for a breakfast television contract is one thing, but the public advocacy of such TV before the IBA has made up its mind could, sadly perhaps, only serve to irritate the Authority members who feel themselves under pressure.

The other problem for consortia is that to win contracts they need members who have experience, and most people with experience are already in work. Telling the boss that you are to join a group which is going to bid against him for his contract is a brave thing to do even in these days of employment protection. That is why most of the contract names one hears today are non-television names—the Duke of Westminster as backer of the Lancastria Television group that will be trying to nibble the Blackpool / Preston / Blackburn conurbation away from Granada; Lord Iddesleigh as chairman of the group which is eager to replace Peter Cadbury's Westward; and Mr. Phillip Whitehead MP who has made much of the running in the East Midlands. Names like David Dimbleby and Donald Baverstock simply flit across the monitors as unconfirmed rumours.

The spanner in the works in this round of bidding is likely to be the workers' co-operative. So far the ACTT branch at London Weekend Television has been the most active in this field, although there have been whispers of similar moves from staff at Yorkshire Television. It seems that some staff feel not that they would like to have a full contract, but be given a much greater say in the management of the successful consortium. Says Mr. Gavin Waddell, speaking for the LWT worker group: "We just feel that the current situation in the industry, which leaves the workers excluded from the allocation of contract procedures is unsatisfactory." He adds that the group is willing to co-operate with whoever wins the London Weekend contract. This, of course, assumes that there is one, since the imbalance between LWT and Thames is one of the problems the IBA might feel it has to solve.

Franchise fear

How the IBA will deal with the worker groups is going to be a fascinating study in diplomacy and the prospect is one which lifts the curtain on another worry for any present contract holder, no matter how secure they may feel at the moment. If the Authority believes that a new bidder has some good ideas, some broadly based support or some particular skills it can instruct the present contractor, while renewing the franchise, to absorb some parts of the rival organisation.

Present contractors therefore view the forthcoming round of bidding, public hearings and private discussions with considerable disquiet. In the last round Granadaland was carved in two to create Yorkshire Television and there was a massive reorganisation in London and the Midlands. This time the contractors take some comfort in that they feel they are dealing with an Authority less inclined towards radical change. None the less they all face possibilities ranging from complete loss of contract through change in contract area or the need to take in other financial or cultural interests to a green light to carry on as before.

In the run-up to the fighting this week's British Market Research Bureau report for the IBA on audience views of the commercial television service will be of use both as a weapon of attack and of defence. Scottish Television, for example, is more popular in the west of its region than in the east: ATV faces a pocket of resistance in Oxford whose residents, when sampled, said that on balance they preferred the BBC; in London viewers seem disturbed by the quality of local news coverage. By and large, however, the report is a weighty endorsement of the view that ITV as now structured and under its present franchise holders is doing a fairly good job.

There are many today who hope that the IBA will accept that view and concern itself more with how it is going to raise the £40m it needs to start the fourth channel and how the companies it supervises are going to find the cash to support it in its early years. But, whatever gloomy rumours the companies may be putting about to deter rivals, there is little sign of any of them resigning from the race. That licence to print money may be about to go into temporary suspense, but most believe that the presses will start to roll again fairly quickly.

Philby, Burgess, McLean and Blunt, the fourth (and final?) man

Economic Diary

TODAY—Mrs. Thatcher speaks at Conservative Trade Unionists' conference, Sherwood Rooms, Nottingham.

SUNDAY — National Savings monthly progress report (October).

MONDAY — President Giscard d'Estaing of France begins two-day visit to London for talks with Mrs. Thatcher. EEC Finance Ministers meet, Brussels. House of Commons second reading of Civil Aviation Bill. British Council annual report.

TUESDAY—Publication of Treasury's economic short-term forecast. Provisional figures for November unemployment and unfilled vacancies. EEC Foreign Ministers meet, Brussels. Commons second reading of British Aerospace Bill. Mr. James Prior, Employment Secretary, opens two-day Financial Times conference on Industrial Relations, Grosvenor House, London. Two-day Financial Times conference on Air Transport opens, Singapore. Arab League summit conference begins in Tunisia. New construction orders (September). Statement by National Farmers' Union on energy crisis.

WEDNESDAY—Special meeting of National Union of Mineworkers' national executive on pay, London. Monthly council meeting of Confederation of British Industry. Commons debate on EEC Budget. One-day strike by Transport and General Workers' Union opencast coal workers. Mr. Peter Walker, Minister of Agriculture, at Foreign Press Association luncheon, 11, Carlton House Terrace, London.

THURSDAY—Sir Geoffrey Howe, Chancellor of the Exchequer, addresses City of Westminster Chamber of Commerce annual conference, Cafe Royal, London. Building Societies' emergency meeting to discuss rise in minimum lending rate. Sir Keith Joseph, Industry Secretary, at Glass Manufacturers' Federation luncheon, Dorchester Hotel, London. Public sector borrowing requirement and details of local authority borrowing (third quarter). Brick and cement production (October). New vehicle registrations (October). EEC social affairs council meets, Brussels. Capital expenditure by the manufacturing, distributive and service industries (third quarter—provisional). Manufacturers' and distributors' stocks (third quarter—provisional).

FRIDAY—EEC budget council meeting, Brussels. Sales and orders in the engineering industries (August). Turnover of the motor trades (third quarter).

Weekend Brief

When the burrowing had to stop

The public exposure of Anthony Blunt, art adviser to the Queen and spy for the Russians, still leaves many dark corners of government to be illumined. It would be surprising now if the Commons could be denied a full and proper opportunity to bring more light to the affair.

Mrs. Margaret Thatcher, said to have been as astonished as anyone by the 15-year cover-up, would seem to have an equal interest at least in ensuring that she would never unwittingly preside, like her predecessors, over such deeds.

The immediate question to be raised by the Blunt case concerns the reform of the Official Secrets Act currently being pursued by Mrs. Thatcher's own Government. Blunt's spy-role would never have been revealed in the first place but for information obtained from United States Government files, opened to the public by the Freedom of Information law.

The British Government's Protection of Information Bill, at present before Parliament, is designed, in contrast to continue the suppression of such knowledge in this country.

Ministers, endowed with the powers it contains, might well use them to ban any publication like the two books whose cautious references to the "fourth man" eventually forced the disclosure of his identity.

Can the Government now proceed on this basis? Will Parliament allow it to do so? If the general public's right to know now becomes a matter of prime importance, the Blunt case raises serious questions also about the Cabinet's right to know. The history of the affair has shown many apparent inadequacies in the machinery of government itself.

The Attorney General in 1964, the late Sir John Hobson, is said to have granted Blunt immunity because "the public interest" lay in securing a confession. The Attorney General has the legal authority to withhold his consent to prosecutions under the Official Secrets Act.

Sir John properly consulted the Director of Public Prosecutions—or rather an assistant DPP since the holder of the office had died and a successor had not been appointed at the time. It was a legal decision influenced partly by a lack of *substantive evidence* that could be used in court.

But did not the public interest at least demand that Sir John consult the Cabinet, the Home Secretary, or the Prime Minister? Lord Home has denied all knowledge of the affair. What considerations entered into the decision to keep the facts from them? Who took the decision?

There must be suspicions now that the shocks to the establishment of the Philby defection and the Profumo affair, may have been as important factor in the cover-up as the information about Russian espionage methods to be gained from Blunt.

Control over the operations of the security service by the elected Government appears to have been virtually non-existent. Has the situation changed since then? If not, Mrs. Thatcher clearly needs to assert that control and reassure Parliament that it is being exercised. It is not MPs alone who have been alarmed by the sequence of *events* which *the Prime Minister* reported with unusual frankness for such cases on Thursday.

In future, MPs will demand some accountability for the sort of actions which denied all knowledge of suspicions about Blunt's espionage role from any Minister between 1951 and 1964; and neglected to inform the Labour Governments of 1964 to 1970 of the presence in public life of a self-confessed spy.

There will be demands also for collective Cabinet decisions to be taken in operating the Official Secrets Act in such widely diverse ways. Sir John Hobson prosecuted journalists for refusing to reveal their sources in the Vassal case while affording protection to Blunt.

There is something obviously at fault with a decision-making process which allowed the Queen to award a personal knighthood to a man under the gravest suspicion of treason; a process which allowed a self-confessed spy to continue in the Queen's service; and maintained his privileged protection even when several of his innocent contemporaries were being slanderously accused of his felony.

PHILIP RAWSTORNE

The high cost of being badly informed

Intelligence costs Britain perhaps as much as 10 per cent of the £8.6bn of the current defence budget, with it debatable whether this is cheap at the price or money down the drain. But inevitably the way this sum is spent is shrouded in almost as much secrecy as the present structure of the security services.

When World War II broke out Sir Stewart Menzies ran an operation whose main assets included an old boy network, a drawer full of money and a blackboard on which the state of that year's budget was written—or so old hands recount.

Today three separate operations exist which, it appears, are answerable only to the Prime Minister's Office. A fourth, the Directorate General of Intelligence at the Ministry of Defence, is responsible to the Secretary for Defence.

But, as the Blunt affair has shown, answerability in law and answerability in practice are widely different. Such is the make of committees in Whitehall that many matters never percolate up to the politicians. "It was an operational decision," is the standard defence. It is mainly at times such as the affairs of Crabbe, Philby and Blunt that this defence and the general cameraderie of Whitehall become the subject not merely of question but of suspicion.

Professor Anthony Blunt was a wartime member of MI5, or, as it is now known, the Security Services. During the 1940s it was in constant dispute with MI6, the Secret Intelligence Services. In 1950 the "Attlee doctrine" laid out that the Security Services would be responsible for security in the United Kingdom and Commonwealth, dealing with such matters therein as espionage and counterespionage. MI6 whose headquarters is in Waterloo, was to handle *all* matters abroad. Its head is known as "C." Its previous head, Sir Maurice Oldfield, is now co-ordinating security in Northern Ireland.

The first real test of this came when MI6 sent Comander Crabbe to a Soviet ship and his death in Portsmouth. The Security Services and the government reportedly had not been told. This caused less fuss in Whitehall than might have been imagined though now any such "offensive" operation as Commander Crabbe undertook—he was investigating the hull of a Soviet cruiser—must now be cleared by the *Prime Minister's* Office. Further areas of responsibility have been better defined, even if lines of responsibility remain somewhat blurred.

MI5 is largely staffed by Home Office personnel. It is generally held that it is answerable to the Home Secretary but in practice it appears that its formal responsibility is, through the Cabinet Secretary and the Deputy Cabinet Secretary who is the Coordinator of Security and Intelligence, only to the Prime Minister. The SIS makes large use of Foreign Office *facilities* and cover. For many operational matters it is thus to some extent answerable to the Foreign Secretary—but again it appears that its *sole* legal master is the Prime Minister.

This same situation applies to the third operation answerable to the Prime Minister — the Government Communications *Headquarters* at Cheltenham.

This organisation, largely publicised by last year's famous Official Secrets Act Trial of A, B and C—journalists Crispin Aubrey and Duncan Campbell and ex-soldier John Berry—is responsible for electronic intel*ligence. The various branches* of this cover such activities as monitoring international radio traffic and embassies' telephone *calls* and *communications.*

GCHQ arguably uses the largest budget, with several thousand servicemen in the field acting on its behalf. Separate from it is the intelligence department of the Ministry of Defence. To some extent this makes use of the "product" of allied agencies, in particular of the American CIA which is rewritten and *distributed.*

However clearly drawn the lines are in bureaucratic terms, in practice countless committees exist ensuring a maze of complication.

These committees range *downwards* from the Joint Intelligence Committee A, which is headed by the Chief of General Staff or his representative, down to numerous liaison committees. But in the case of Professor Blunt it is quite likely *that* none of the formal *committees* was told. It was, it seems, classed as an "operational matter."

DAVID TONGE

UK COMPANY NEWS

F. H. Lloyd slumps to £0.24m in first half

FIRST half profits at F. H. Lloyd Holdings, steel founder and engineer, have fallen sharply from £1.41m to £238,000, due mainly to increased redundancy costs, an operating loss at the group's main foundry and the serious effect on all companies of the engineering strike.

Stated earnings per 25p share are down from 4.5p to 0.7p but after careful consideration of the current situation and despite the half year setbacks, the directors have declared an interim dividend of 0.5p—last year, an interim dividend of 1.65p was followed by a final of 4.4729p.

Pre-tax profits for the year ending March 31 1979 were down from £5.16m to £3.42m.

The reduction in manning at F. H. Lloyd and Co. will be substantially completed during the second half and with other foundry and service companies trading satisfactorily, directors are looking for improvement next year.

The engineering and steel division did well to maintain profits and, subject to the general economic situation, its performance is expected to be sustained in the second half.

The associated company's results continued to suffer from excessively high scrap prices, but the recent adjustment in billett prices provides an opportunity to improve profit levels in the current six months.

Installation of the new mini-mill, with its advanced facilities, at Wednesbury is on schedule and will be operational towards the end of 1980.

The directors say the decision to embark on this venture has been reinforced by the continuing decline in certain traditional markets in the first half-year.

	26 weeks	
	1979	1978
	£000	£000
Sales:	29,779	30,051
Foundries, services ...	16,161	17,497
Engineering, steel ...	13,618	12,554
Profit:	811	1,171
Foundries, services ...	239	597
Engineering, steel ...	572	574
Severance pay	583	103
Interest	90	79
Associate profit	100	517
Profit before tax	238	1,406
Tax	—	329
Minorities	68	—

● comment

The decision by F. H. Lloyd to increase its final dividend last year, despite lower profits and depressed markets, looks a little extravagant in the light of subsequent events and the interim has been cut by 70 per cent this time. The engineering strike was the major body-blow, affecting virtually all divisions, but appalling conditions in the foundry market, where capacity use generally is about 65 per cent. together with high redundancy costs, would have been sufficient to ensure unexciting figures. The future looks a little rosier. The high level of the minorities charge, deriving from a small foundry, suggests that the main Wednesbury foundry is the real headache and this is being rationalised by the introduction of a mini-mill which should be contributing from 1981. The slight easing in scrap prices should help the associate figures and cash-flow is well under control (though borrowings will rise slightly in the second half). In the meantime, the share price of 35p—the year's low—is more than four times covered by net assets and the prospective p/e of 8.6 takes full account of the recovery potential. This assumes full-year profits of £1.1m and no tax. A 2p final would produce a useful yield of 10.4 per cent.

Group Lotus more than doubled at £839,000

ON SALES well up at £7.14m against £4.5m, taxable profits of Group Lotus Car Companies more than doubled to £839,000 for the first six months of 1979, against £347,000.

For the whole of 1978 profits were £716,418 (£556,674)—a peak of £1.2m was achieved in 1973.

Mr. Colin Chapman, chairman, says the 58 per cent turnover rise reflects the increased sales volume of products, which were supplemented for the half-year by the company's engineering activities.

After tax of £442,000, compared with £174,000, and an extraordinary debit of £105,000 profit came out at £292,000 (£173,000). Earnings are shown at 6.5p (2.5p) per 10p share.

The extraordinary item, net of tax, represents special costs relating to the U.S. market in connection with the termination of the company's four independent distributors, as from the end of 1978.

The dividend for last year, of 0.7p net, was the first payment since 1974.

● comment

More than doubling pre-tax profits is nothing new for Lotus. The problem will be maintaining them in the face of higher fuel prices and deepening recession—the group's cars are highly discretionary items. It has succeeded in establishing a defensive position by strengthening its UK sales base and boosting its engine sale and consultancy business, but prospects remain precarious and are fully discounted in the share price, which closed at 33p yesterday. Fully-taxed earnings of £700,000 for the year (after extraordinary items) would produce a fully-taxed p/e of only 2.8. Income is not a major consideration at present, with a 50 per cent rise in the final giving a yield of 4.5 per cent. Operating against a highly uncertain background, Lotus must be grateful for the financial support of American Express.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
J. Billam ...int.	1.2	Dec. 21	0.88	—	3.47
Bremar Trust ...int.	1	Jan. 21	1	—	2
Brengreen ...int.	0.2	Jan. 18	0.1	—	0.25
Cardiff Malting ...	1	Feb. 5	0.5	1.6	1
Clyde Blowers ...	3.83	Jan. 4	3.23	4.66	4.06
Fobel ...int.	0.94	—	0.54	—	2.0
John Foster ...int.	1	Jan. 18	1*	—†	2.5
Highgate Optical ...int.	Nil	—	Nil	—	1.8
HTV Group ...	6.5	Dec. 21	6	10	9
Kunick Holdings ...	0.55	—	—	—	0.77
F. H. Lloyd ...int.	0.5	Jan. 4	1.65	—	6.12
Northern American Tst.	3	Jan. 7	2.05	4	3.05
RCF ...	1.85	Jan. 3	1.85	2.72	2.72
St. Piran ...	2.5	Jan. 21	0.76	2.5	2.01
Sekers International int.	0.75	Jan. 25	0.75	—	2.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Maintained final expected.

J. Billam expands halftime

AN EXPANSION of engineering interests at J. Billam, cutler and sheet metal engineer, boosted profits from £154,035 to £241,061 in the half year to June 30, 1979, on turnover ahead from £959,010 to £1.23m.

The effect of the engineering dispute will be reflected in the second half, says Mr. G. Billam, chairman, but profits for the year will show an improvement over the 1978 total of £289,000.

The interim dividend is lifted to 1.2p (0.8783p) and absorbs £18,000—last year's total was 3.4703p. After higher tax of £125,352 (£80,098) earnings per 10p share are shown to have risen from 4.93p to 7.71p.

The group's cutlery business—where profits fell from £78,000 to £50,000 in the last full year—has been rationalised. While foreign competition continues to be a major problem, every effort is being made to further combat the situation, states the chairman.

Clyde Blowers dividend up

PROFITS OF Clyde Blowers were down from £257,448 to £232,476 in the year ended August 31, 1979, but the directors are lifting the total dividend from 4.0558p to 4.6608p with a final of 3.8339p.

Tax charge for the year of £98,657 (£166,968) will be subject to a write back of £76,100 stock adjustment relief.

Strong midterm recovery as Fobel forecasts £1m for year

RESULTS of Fobel International for the first half of 1979 show profits well ahead from £20,314 to £384,634 and the directors say that subject to exchange rates remaining similar to those now applying, indications after 10 months are that the full year's profit will exceed £1m.

Turnover of this manufacturer, distributor and retailer of DIY products, electrical appliances, radio and electronic equipment, rose from £8.41m to £9.8m in the six months. The net interim dividend is lifted from 0.545p to 0.94p. Last year a total of 2p was paid from depressed profits of £0.57m.

The directors state that the accounting policy used for deferred tax makes it impractical and misleading to show any charge at the interim stage.

Results of part-owned subsidiaries have been included in full—as in 1978.

Profits were struck after a loss for the electronics division of which the greater part relates to losses on exchange due to the strength of sterling. These exchange losses would be reduced if the pound ends the year at its current level against the U.S. dollar and Hong Kong dollar.

The DIY division has shown good turnover and profit growth, despite a difficult January and February due to the bad weather and drivers' strike, and particularly the congestion and delays at the docks. In the second half growth has continued and the DIY division should have a good year.

The electronics division is trading very well and although a small loss was made for the first half, there is a strong seasonal bias and the profits are made almost entirely in the second half of each year.

Management accounts indicate a substantial profit will be earned by the electronics division for 1979 as a whole. If the pound remains at its current level the exchange losses of the first half will be reduced, improving the position further.

The litigation referred to in the annual report, which has been outstanding for over 18 months, is progressing but has not yet come to court. Efforts are being made to speed up what is inevitably a very lengthy process, but it is still not possible to give a firm date when the matter can be resolved. "We continue to hope for and expect a successful outcome," the directors state.

Northern American Trust

After tax of £660,367 against £530,971, net revenue of Northern American Trust advanced from £1m to £1.35m for the year to November 1, 1979.

Stated earnings per 25p share increased from 3.1p to 4.21p and the net final dividend is 3p, raising the total payment from 3.05p to 4p.

John Foster loss midway but expects profit at year end

FOR the half year ended August 31, 1979, John Foster and Son, Bradford-based spinner and weaver, incurred a loss of £262,004 compared with profits of £61,617 in the same period last year.

However, the directors are maintaining the interim dividend at 1p and expect that the current year's result will be a profit which will justify the payment of an unchanged 1.5p final. Pre-tax profit in 1978-79 amounted to £886,151.

The decline on the home trade has not yet been arrested, but the directors estimate that direct and indirect exports account for about three-quarters of the first half turnover of £6.03m (£6.66m) and demand the group's speciality cloths is being maintained in export markets.

As usual, the greater part of the year's earnings will arise in the second half, the directors add.

● comment

John Foster's weakness is that it is susceptible to the cyclical trends of the textile industry. Also, demand for the company's main product, mohair suiting, comes almost exclusively from the northern hemisphere where, because of seasonal factors, deliveries are normally made in the second half. So, against a background of weak demand, it is not too surprising that there are first-half losses. At home, demand continues to slide while export margins have come under pressure from the strong pound. An extra cause for concern at the moment is the important Japanese market where the yen is weakening against sterling. Although some recovery is expected in the second half, the outlook is not too cheerful. The prospective yield of roughly 12 per cent gives some support to the share price of 32p.

C. H. Bailey moves up to £0.8m

PRE-TAX profits of C. H. Bailey, ship repairer, industrial, road haulage and leisure concern, rose from £614,970 to £805,921 for the year ended March 31, 1979. Turnover was up slightly to £9.55m against £9.43m.

The directors intend to make a scrip issue, on January 25, 1980, of one new 10p ordinary share for every 15 ordinary or "B" ordinary share.

These new shares will rank for a first and final dividend of 0.4p (0.3145p) net, payable May 1, 1979, total cost of which will be £239,575 (£120,594).

Pre-tax figure for the year was struck after depreciation of £608,372 compared with £593,665, and was subject to a tax charge, up from a low £2,346 to £154,493.

RCF profit cut to £308,000

TURNOVER OF RCF Holdings, hand-tool maker and distributor, increased from £15.77m to £17.47m in the year ended July 31, 1979, but pre-tax profits fell to £308,000 compared with £538,000 in the previous year.

The directors say the result reflects the reduction in orders received in the second half due to adverse trading conditions.

Despite the profit reduction and as a measure of their confidence in the group's future, the directors are recommending an unchanged final dividend of 1.8475p, maintaining the year's total at 2.7225p. Stated earnings per share amount to 1.25p against 6.47p.

Although the engineering dispute seriously affected profitability for the first two months of the current year, it enabled the group to make material reductions in stocks. Sales and orders received since the dispute was resolved have been encouraging, the directors say.

The board believes the group is now much better equipped to deal with variations in demand, but profitability will always be dependent on maintaining a satisfactory level of demand.

While home trade sales suffered considerably less than overseas trade, the planned volume increase was not achieved.

Trade with Australasia suffered particularly badly. In addition the last 12 months' trading with the Middle East has been considerably more difficult.

Following a slow start to the current year October has shown a good improvement in both home and overseas orders received and sales. This trend is continuing in November.

In export markets, the strength of sterling seriously eroded the group's ability to compete; both orders and margins were substantially reduced in these markets. These problems were aggravated by difficult conditions in the UK and by the high costs of borrowing.

Steps have been taken to make the group less vulnerable to reductions in trading levels, and have already resulted in a decrease in total borrowing at October 31 compared to that shown in the balance sheet.

Low volume was the principle cause of the poor profitability in manufacturing operations, in conjunction with relatively high stock levels and increasing fixed costs, the directors say.

St. Piran rises to £4.15m

TURNOVER AND profits are well up at Saint Piran, the tin mining and property development concern, for the year ended March 31, 1979.

Pre-tax surplus expanded from £2.73m to £4.15m and turnover advanced by over £5m from £15.39m to £20.56m.

The dividend for the year is increased to 2.5p (2.01039p) net, with a final payment of 1p. Earnings per 25p share are shown at 15.23p (14p).

At halfway profits had risen to £1.9m (£1.3m).

The attributable balance at March 31, came out unchanged at £1.83m after tax of £1.71m (£822,000), extraordinary credits £57,000 (£194,000), and minorities.

Saint Piran's shares were suspended on November 5 due to the company's failure to comply with Stock Exchange listing requirements.

Kunick Hldgs. profits soar

A JUMP in taxable profits from £20,000 to £86,000 is reported by Kunick Holdings, manufacturer and wholesaler of fashionware, for the year to May 31, 1979. Turnover went ahead from £288,000 to £1.75m.

A final dividend of 0.549p is announced, lifting the total for the year to 0.77p. Previously no dividend had been paid since 1972.

The directors, say that despite the difficult conditions currently existing within the fashion trade, they anticipate a satisfactory result in the current year.

There is a tax charge this time of £4,000 (nil) and earnings per 10p share are stated to have risen from 1.81p to 3.56p.

BLAKE ROONEY

A compulsory winding up order made on November 5 against Blake Rooney was rescinded by Mr. Justice Oliver in the High Court. By consent, the petition was dismissed.

Results due next week

There is general agreement that the third quarter pre-tax showing from ICI will cap a nine-month period which compares favourably with last year's: it only remains to see how much better the group performs when results are unveiled next Thursday. The expected profits range is from £400m to £420m, against £334m last year. Strong demand in Europe and the UK, price and volume increases, prospering petrochemical interests and a healthy North Sea (Ninian) showing should contribute to the profits rise. For the full year, analysts see profits of £550m to £580m, against £421m.

Statistics show that spending in food shops has increased by roughly 4 per cent this year, so against a background of increasing market share and an improved sales mix, Tesco Stores (Holdings) is expected to turn in a sparkling set of interim figures next Wednesday. With physical expansion—net selling area is around 5 per cent higher—sales could be ahead by a quarter with profits up by about a third to more than £18m—if margins have continued to improve. Analysts are being more cautious about the second half and at this stage they are forecasting about £47m for the year, against £37.64m last time.

The chairman of Metal Box noted back in July at the annual meeting that the group was off to rather a sluggish start, so it comes as little surprise that analysts are forecasting a slight drop in profits when interim figures are revealed on Tuesday. The consensus appears to be that profits before tax will fall to £31m against £31.4m. This is attributed to a lack-lustre summer season for beverage cans (an important item for the group) and to some extra competition from overseas manufacturers of flexible packaging. The full-year results could range from £65m to £70m, against £58.2m, depending on consumer (particularly food) spending and any industrial disputes.

There are a number of short-term factors which analysts expect to affect Beecham Group's first-half profits adversely. These are expected to be announced next Thursday. In the first place there are the increased costs of marketing a toothpaste brand in the U.S. while the unfavourable exchange movements will have hit export margins. In addition, increased VAT will have trimmed volume in the UK while drink sales will have suffered from the poor weather. Overall, analysts expect profits to be in the range £68m to £72m, compared with £76.1m last time, with an element of recovery in the second half.

Analysts are predicting a small increase in pre-tax profits from Redland, the building materials and construction group, when interim results are announced next Thursday. The group has sizeable overseas interests, particularly in Germany, where harsh weather extended well into the spring and damaged first half figures. The German first half extends from January to June and is incorporated into the group's March-to-September schedule. Difficulties in the UK housing market also help to explain why any increase in earnings could be slight, from £21.7m last year to about £22.5m this year. For the current year, forecasts call for a pre-tax profit of £51m, against £45.2m.

Against a background of declining fortunes in the textile sector, analysts are unable to be too precise in forecasting Courtaulds' first half profits, due out next Thursday. At the annual meeting in July the company warned that prospects for growth are limited. The strength of sterling will damage export margins, as will the influx of cheap fibre from the U.S. Courtaulds has been cutting back on production lately but this will only start having an impact on stock levels later in the year. Overall, analysts hope for between £25m and £33m, against £27.4m last time.

Other results to note are interim figures from Hambros, Wedgwood and Rothmans International, nine-months' figures from House of Fraser and preliminary profits from Kwik Save Discount.

Company	Announcement due	Dividend (p)* Last year Int	Final	This year Int.
FINAL DIVIDENDS				
Akroyd and Smithers	Thursday	5.0	11.7638	5.0
Barton Transport	Wednesday	—	14.4136	—
Brockhouse	Thursday	1.8	2.2463	2.0
Cambrian and General Securities	Monday	1.5	2.375	1.6
Equity Income Trust	Tuesday	3.98	7.43	4.02
Fisher Albert	Friday	0.25	—	—
Gleeson (M. J.) Contractors	Thursday	0.7511a	1.3037	0.82625
Kwik Save Discount Group	Wednesday	1.0	1.6398	1.1
Scottish Investment Trust	Thursday	1.1	1.9	1.25
Stockholders Investment Trust	Wednesday	1.0	1.35	1.1
Stocklake Holdings	Monday	0.75	2.11753	0.85
Wade Potteries	Tuesday	0.4375	0.68054	0.49244
Yorkshire & Lancashire Invest. Trust	Wednesday	0.5	1.05	0.5
INTERIM DIVIDENDS				
Allied Leather Industries	Wednesday	1.5075	2.68	
Anderson Strathclyde	Thursday	1.0	2.0	
Anglo American Asphalt	Tuesday	1.065	1.065	
Beecham Group	Thursday	2.395	3.01875	
Broby Leslie	Wednesday	2.0	3.009	
Brunning Group	Wednesday	1.5075	2.345	
Bulmer and Lumb (Holdings)	Friday	1.49737	1.9733	
Capital and Counties Property	Friday	0.7	1.4105	
C.H. Industrials	Thursday	0.825	1.375	
Cocksedge (Holdings)	Wednesday	0.8825	3.9532	
Courtaulds	Thursday	2.688	5.674	
Dupla International	Wednesday	0.337	0.4102†	
Elswick-Hopper	Monday	0.45	0.55	
Evans of Leeds	Tuesday	0.5	2.0	
Exchange Telegraph (Holdings)	Thursday	2.01325	4.0335	
Ferguson Industrial Holdings	Friday	2.0	2.4	
Ferranti	Monday	1.917	3.833	
French Kier Holdings	Thursday	0.825	1.1	
Globe Investment Trust	Tuesday	2.5	3.1	
Hambros	Tuesday	42p	67.24	

Company	Announcement due	Dividend (p)* Last year Int	Final	This year Int.
H.A.T. Group	Tuesday	0.825	0.885	
Heath (C. E.)	Tuesday	1.621	3.8003	
International Paint	Wednesday	0.76	1.657	
Maurice James Industries	Thursday	0.5	—	
Metal Box	Tuesday	7.37	10.72	
Milbury	Thursday	1.34	2.8	
MK Electric Holdings	Monday	3.3	8.7	
Northern Securities Trust	Wednesday	1.0	3.0	
Ocean Wilsons (Holdings)	Monday	1.0	2.5	
Pauls and Whites	Thursday	1.75	3.176	
Powell Duffryn	Thursday	3.9	7.1	
Pyramid Group (Publishers)	Thursday	0.552	2.18433	
Rediffusion	Friday	0.875	4.375	
Redland	Thursday	2.581	4.07	
Renold	Thursday	2.7	7.55	
Rexmore	Tuesday	1.26909	3.13818	
Robertson Foods	Friday	1.7738	4.3235	
Rotaprint	Monday	1.1205	1.8119	
Rothmans International	Thursday	0.8	1.65	
Sheffield Refreshment Houses	Monday	0.67	1.82	
Tesco Stores (Holdings)	Wednesday	0.7888	1.1938	
Walker (J. O.)	Wednesday	1.005	2.903	
Wedgwood	Wednesday	1.75	2.438	
Wheeler's Restaurants	Thursday	1.55	4.33	
INTERIM FIGURES				
Belgrave (Blackheath)	Wednesday			
House of Fraser	Thursday			
I.C.I.	Thursday			
Keyser Bondor	Friday			
Tranwood Group	Friday			
Tricentrol	Wednesday			

* Dividends shown net pence per share and adjusted for intervening scrip issue. † Second interim.

HTV clears £4m mark with £0.88m expansion

WITH allround divisional improvement, pre-tax profits of HTV Group finished the year to July 31, 1979 some £0.88m better at £4.09m. At the interim stage the surplus was ahead from £1.84m to £2.44m.

The net final dividend is 6.5p for a 10p (9p) total on increased earnings per 25p share of 21.31p against 13.96p.

A property revaluation has revealed a surplus over book value of £803,409.

Exchequer levy of £3.05m (£3.73m) has been charged in arriving at profit before tax of the television activity.

	Year 1978-79 £	1977-78 £
Turnover	36,926,332	28,683,951
Television	27,482,158	23,243,302
Fine art	2,623,513	2,129,145
Publishg., statnry.	3,822,661	4,311,404
Trading profit	4,136,686	3,252,715
Television	2,930,160	2,258,156
Fine art	704,660	618,503
Publishg., statnry.	234,878	42,187
Property, leasing	366,567	333,849
Interest	44,097	42,203
Profit before tax	4,094,488	3,210,012
Tax	1,897,320	1,770,367
Profit after tax	2,197,168	1,439,645
Dividends	1,031,272	928,145

Comparative profits of the publishing and stationery activity have been included from the date of the acquisition of T. A. and J. Smith, and Frederick Muller, on September 15, 1977 and April 14, 1978, respectively.

The technical equipment, office equipment and motor vehicles used in the television activity were valued to take account of inflation during the period from previous valuation or purchase, and a surplus of £792,693 has arisen on the valuation.

WORKERS OPPOSE MILFORD DOCKS BOARD CHANGES

Employees representing about 70 per cent of the workforce of Milford Docks Company have signed a letter sent to shareholders urging them not to support the appointment of three new directors to the Board.

Earlier this month a group of shareholders led by Scanoil and including representatives of Energy Finance and General Trust who claimed to control 27 per cent of Milford Docks, requested an EGM. They want to appoint three new directors, Mr. Richard Eldridge, Mr. Hugh Nicholson and Mr. Edwin Barrett. They also want two of the existing board members to step down.

BIDS AND DEALS

Battle on for Oil Exploration

BY CHRISTINE MOIR

A SECOND potential bidder has stepped out of the wings for Oil Exploration which has already agreed to merge with London and Scottish Marine Oil.

Lasmo's offer has already been "irrevocably" accepted by holders of 40.4 per cent of the shares, and Premier Consolidated, which owns a further 8 per cent has expressed its "enthusiastic support" for th deal.

Now, however, the Board warning shareholders not accept Lasmo's offer until talks with the new, but unnamed bidder have taken place. further announcement promised before November the first closing date of Lasmo 19-for-10 offer which value Oilex at around £70m.

Eastwood takes toll of Imperial profits

BY ANDREW FISHER

Problems on the egg and poultry side caused Imperial Group's profits to stagnate last year, disappointing the market which had been expecting a pre-tax advance of at least £10m before tax.

As a result, the shares of the diversified tobacco group dipped by 1½p to 76p on a day when prices were generally firmer. This is a new 1979 low for Imperial's shares, which were near the 100p level when it announced its $630m (£295m) bid for Howard Johnson of the U.S. in September.

It is in the formal document for the proposed acquisition—still subject to both sets of shareholders' approval next month—and to agreement by U.S. state liquor commissions—that Imperial makes its statement on profits.

It estimated that they would be of the same order as the £131m earned before tax and extraordinary items in the previous financial year to October 31.

Imperial's food problems stem from its £38m acquisition of the J. B. Eastwood egg and poultry concern in the summer of 1978.

Also depressing profits was the higher level of interest charges during the past 12 months. At the end of 1977-78, the group had short-term borrowings of over £123m.

Imperial's board, which fac the Press yesterday to outli the state of play on the U purchase, gave no indication to dividend policy, but analy are assuming a rise of at least tenth on the 6.32p paid 1977-78.

On the thorny question gaining the approval of t liquor authorities in the 40 stat where Howard Johnson operat its hotels and restaurant Imperial said that "encourag progress" had been made.

"It's unthinkable that states will object," said Sir Jo Pile, Imperial's chairman. Bu will be well into next year bef all of the inquiries have be completed. It is Imperi ownership of 'extensive brewi and wine and spirit interes through Courage and Sacco and Speed, that makes the st liquor approvals necessary. Wi out enough approvals, the d will not go ahead, he said.

As for the price of $28 a sha which Imperial is paying HoJo, Mr. Jim MacKinnon, finance director, said this was good price to pay though it mig seem high. "It's the kind of pri currently being paid for U. companies with reasonable pa records and good prospects."

See Lex

GEC sets ceiling on bid for Averys at £98m

General Electric Company emphasised yesterday that it would go no higher in its attempt to win control of Averys, the weighing machine company, than the increased £98m bid tabled earlier this month.

In GEC's view, said Lord Nelson of Stafford, the chairman, the information provided by Averys in its latest defence document "serves only to confirm the attractiveness" of the offer, which has been raised from 245p to 265p a share.

Although Averys was forecasting that profits after tax wou be 8 per cent lower, it w recommending net dividends co ing £5.5m, a rise of 68 per cen This, he added, seemed virtua certain to absorb all of its re earnings produced in 1979.

"This decision seems mo consistent with an overridi desire to prevent the acceptan by Averys' shareholders GEC's offer than with the pr dence needed to safeguard t long-term interests of Avery business, employees and shar holders," be said in a letter Averys' shareholders.

Cope Allman acquiring Flexile for £1.82m

FOLLOWING negotiations, Cope Allman International is offering to acquire Flexile for £1.82m cash.

Cope Allman has received irrevocable undertakings to accept the offer, from the directors and certain major shareholders representing 77.73 per cent of the capital of Flexile.

Flexile is a private unlisted company, the principal activity of which is the manufacture of collapsible squeeze tubes in metal and plastics.

Pre-tax profits for the nine months ended September 30 1979 were £112,000 and net tangible assets stood at £1.24m.

HANSON ASKS FOR MORE TIME

Hanson Trust has told Barber Oil Corporation that it wants more time to complete its business investigation of the U.S. company, for which it is bidding $162m (£76m).

But Mr. Martin Taylor, a director of Hanson, said that no snags had emerged to call the proposed deal into question. "We are looking at the whole business," he commented. "Its taking a little longer than expected."

The board of Barber agreed to Hanson's takeover terms—worth $61.50 a share—a month ago, after Engelhard Minerals and Chemicals decided to withdraw its earlier offer of $55 a share.

Hanson and Barber have agreed to extend their memorandum of intent on the offer until November 27, the day of Barber's next board meeting. The New York company will answ Hanson's request for more tin at this meeting.

Montfort's argument for rejection

A final dividend of at least —for a 78 per cent increase ov last year's total—and a substa tial increase in profits, for t year ended December, ha been promised to shareholde of Montfort Knitting Mills in fight against a takeover b from David Dixon and Son.

Montfort's Board has co sistently rejected the bid inadequate and lacking ind trial logic, and yesterday se its detailed arguments for rej tion to shareholders.

Auditors have yet to comple their examinations of the pro forecasts, however, so this is pr mised later along with the sults of a revaluation of asse

Meanwhile, the Board poin out that net tangible asse at the last balance sheet da amounted to just over 100p share, compared with Dixon offer worth around 82p.

The Board also notes th Dixon's profit performance h been erratic and twice in rece years dividends have had to paid out of reserves.

Montfort's five-year perfor ance record, the company say shows solid profits growth, an prospects for 1980, "appear to good."

Pru and Phoenix South African non-life merger

THE Prudential Assurance Company, a member of Prudential Corporation, and Phoenix Assurance Company are merging their non-life insurance operations in South Africa.

Agreement has been reached in principle for a merger of the Phoenix of South Africa Assurance Company and the non-life interests of the Prudential Assurance Company of South Africa to combine operations in a new company to be named Phoenix Prudential Assurance of South Africa. The share capital will be about R1.4m and will be split 62½ per cent held by Phoenix and 37½ per cent held by Prudential.

Both companies see this move as a significant step in the rationalisation of their South African non-life market structure. This move is essentially cost effective exercise providin the advantage of size in wh has become a very competitiv insurance market. The new con pany will have a combined pr mium income of around R12 and will transact all classes non-life business. At present i operations are mainly fire an casualty. The move will involv the integration of the presen staffs and is subject to detaile discussion and the approval o the authorities. It is planned tha the merger will take place a early as possible in 1980.

ADWEST

As at November 19 Race Electronics held 3,201,656 ordin ary shares in ADWEST GROU (16.34 per cent).

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Shares of civil engineering and construction group Norwest Holst rose sharply following a bid approach from Dunham Mount, a private company controlled by Mr. Raymond Slater and Mr. John Lilley, both of whom are directors of Norwest Holst. Dunham already holds 58.7 per cent of the total equity and intends to buy out the minority interests.

Chilian concern Turismo e Inmobiliaria Bio-Bio SA have agreed to pay £1.6m for 43.8 per cent of the voting rights of Antofagasta (Chili) and Bolivia Railway. Turismo are offering £41 for each £100 nominal of ordinary stock and £50 for each £100 nominal of preference stock and, assuming that the deal is not referred to the British Monopolies Commission, Turismo will offer the same terms to remaining shareholders. The whole bid, including the preference, values Antofagasta at around £8.6m.

Plessey are selling their loss-making subsidiary Garrard Engineering to Gradiente Electronic of Brazil for a consideration of £1m. Originally acquired by Plessey in 1960, Garrard, which manufactures record turntables and auto-changers, has reported losses in the last five years amounting to £11.7m, although signs of a recovery were apparent following a rationalisation programme. Garrard turntables will complement Gradiente's existing audio products and the Brazilian concern intends to expand research facilities while retaining a UK manufacturing base.

In contrast, another large electrical group, BICC, are paying £8.1m for Vero Electronics, a privately-owned electronic component concern.

Associated Engineering have paid £4.8m for a majority stake in Societe Industrielle des Coussinets, which will double the size of AE's French operations. The 71 per cent stake, previously held by Pechiney Ugine Kuhlman brings AE's holding in SIC, France's leading plain bearing manufacturers, to 92.3 per cent and, to comply with French Stock Exchange rules, the company will offer to buy the remainder at the same price.

Lockhart Iron and Steel, a private U.S. company, are selling the Boiler Tube Company of America to Senior Engineering for a total consideration of £5.02m. Senior already has a U.S. subsidiary dealing in thermal and mining products, and the acquisition of Boiler Tube, which marks Senior's first U.S. takeover, will expand the company's thermal division.

KCA, the oil contracting and servicing group, have agreed to purchase 83.7 per cent of Exploration and Production Services from New Court Natural Resources and will offer to buy out the minority interests in a deal worth a total of £1.5m. Exploration and Production Services will complement KCA's existing offshore oil and gas services both in the North Sea and Overseas.

Prices in pence unless otherwise indicated.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc'tce date
Antofag. Rail.	£41*	£41	£36	2.63	Turismo Inmob.	—
Averys	265*	242	275	97.8	GEC	—
Campbell & Isherwood§§	175*	172	123	1.73	BTR	—
CGSB	42§§§	41	36††	1.72	Manor Natl.	—
Clifford & Snell	36	35	35††	1.66	Ransome Hoffman Pollard	—
Dutton-Forshaw	85*	83	76††	22.8	Lonrho	—
EMI	143	135	98	159.0	Thorn Elect.	—
English Card Clothing	135§§	128	102	5.81	Carclo	—
FPA Const.¶¶	14	15	18	1.12	Heywood Williams	—
Hall Bros. S/S	70*	80	90	0.32	Temple Inv. Finance	—
Harrott	80*	80	38	0.29	Kenndy. Smale	—
Hume¶¶	94‡*§	90	88	13.53	Rothschild Inv.	—
Montfort	82§§	84	70††	2.47	David Dixon	—
Oil Exploration	619‡	612	535††	80.5	LASMO	—
Phoenix Mining & Finance	25*	25	27	0.19	Mr. A. Milne & Assocs.	22/11
Reliant Motor	9½	9	8½	0.55	J. F. Nash	—
St. George's Laundry	35	30	37½	0.83	Provincial Laundries	—
Spillers§§	42	43	39½	62.1	Dalgety	—
Taylor Pallister	115*‡	115	95	0.50	London and European	—
Wadham Stringer	70*	66	42††	25.2	Tozer, Kemsley & Millbourn	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 16/11/79. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Arenson (A.)	July	1,410	(890)	26.0	(15.2)	3.5	(2.13)
Bellway Bldgs.	July	3,720	(3,100)	22.2	(5.9)	7.0	(—)
British Sugar	Sept.	32,408	(26,576)	50.7	(40.0)	7.7	(5.3)
LWT	July	6,915	(6,513)	23.2	(20.9)	9.89	(9.26)
Manganese Bronze	July	1,458	(2,728)	15.1	(23.0)	2.17	(2.1)
Morland	Sept.	1,130	(969)	6.7	(5.5)	3.0	(1.8)
Nelson (David)	March	169	(51)	3.0	(0.5)	0.5	(—)
Scottish & Merc	March	455	(371)	4.6	(4.8)	4.75	(3.37)
Smiths Industries	Aug.	25,137	(22,087)	52.1	(46.5)	9.75	(8.09)
Westward TV	July	791	(661)	5.1	(5.1)	2.0	(1.84)
Wilson Peck	March	52L	(30)L	—	(—)	—	(—)

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. † First nine months. ‡ Interim results not published last year. L Loss.

Scrip Issue

A. Arenson: One for one.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Advance Laundr's	June	2,000	(1,780)	0.3	(0.3)
Anglo-Indonesian	June	664	(—)‡	—	(—)
Beales (John)	Sept.	560L	(479)	—	(1.4)
Black Arrow	Sept.	220	(171)	0.9	(0.7)
Boots	Sept.	50,500	(51,000)	2.88	(2.5)
B. & C. Shipping	June	13,630	(13,270)	5.5	(4.75)
Chambrln. & Hill	Sept.	234	(322)	1.1	(0.55)
Chloride Group	June	11,600	(12,100)	1.7	(1.5)
Chubb & Son	Sept.	5,000	(6,950)	1.95	(1.88)
Cmmrcl. Union	Sept.†	98,900	(101,100)	—	(—)
Control Securities	Sept.	148	(32)	0.7	(0.27)
Davis (Godfrey)	Sept.	4,370	(3,230)	2.0	(0.93)
De La Rue	June	18,995	(13,244)	6.6	(3.91)
EMPA	Oct.	1,650	(944)	1.0	(0.86)
Flight Refuelling	June	1,160	(935)	1.15	(0.93)
Folkes Hefo	June	1,710	(1,510)	0.5	(0.44)
GEI International	Sept.	2,410	(2,320)	1.76	(1.6)
General Accident	Sept.†	62,300	(65,000)	—	(—)
Hinton (Amos)	Sept.	403	(852)	1.8	(1.6)
Howard Tenens	Sept.	810	(256)	1.0	(0.82)
Keyser Ullman	Sept.	1,750	(86‡)	—	(—)
LCP Holdings	Sept.	3,167	(2,806)	1.8	(1.53)
LEP Group	June	2,440	(1,950)	4.0	(3.85)
Lerex	June	96	(95)	—	(—)
Nichols (Vimto)	Sept.	879	(658)	6.0	(2.75)
Nthrn. Goldsmiths	June	219	(116)	0.85	(0.85)
Norwest Holst	Sept.	2,420	(2,170)	1.9	(1.59)
PMA Holdings	Sept.	430	(160)	1.25	(0.5)
Porter Chadburn	July	318	(434)	1.69	(1.63)
Royal Dutch Shell	Sept.†	2,050,000	(867,000)	—	(—)
Royal Insurance	Sept.†	91,100	(112,400)	—	(—)
Smith (W. H.)	Oct.	2,932	(4,079)	1.4	(0.77)
Ultramar	Sept.†	42,870	(26,700)	—	(—)
Unilever	Sept.†	181,300	(170,000)	8.94	(8.67)
Valor	Sept.	917	(712)	0.77	(0.64)
Warner Holidays	July	356	(354)	0.5	(0.35)
Western Motor	June	467	(560)	1.0	(1.0)
Wight Holdings	July	240	(255)	1.85	(1.83)
Woolworth (F.W.)	Sept.†	23,174	(23,034)	1.23	(1.35)
Youngs Brewery	Sept.	935	(887)	2.1	(1.7)

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
AKZ C F.25	—	—	5	5	—	—	F.25.20
AKZ C F.27.50	105	1	—	—	72	2.70	"
AKZ C F.30	155	0.50	9	1	35	1.50	"
AKZ P F.27.50	20	1.70	—	—	—	—	"
AKZ P F.30	25	4.10	—	—	—	—	"
ARB C F.55	—	—	3	5	—	—	F.68.70
HO C F.25	60	1.40	—	—	55	2.80	F.24.40
HO C F.27.50	—	—	—	—	5	1.70	"
KLM C F.70	1	7.80	—	—	—	—	F.74
KLM C F.80	20	1.80	26	3.90	15	5	"
KLM C F.90	10	0.50	35	1.60	61	2.40	"
KLM C F.110	6	0.10	—	—	—	—	"
KLM P F.70	12	2.60	14	4	—	—	"
KLM P F.80	47	7.80	5	2	5	2.60	"
KLM P F.90	3	15	5	15.50	—	—	"
NN C F.150	—	—	6	4	—	—	F.115.80
NN C F.125	—	—	5	6.30	—	—	"
PHI C F.20	20	2.60	—	—	15	5	F.21.80
PHI C F.22.50	30	0.50	35	1.40	22	1.70	"
PHI C F.25	—	—	12	0.40	151	0.50	"
PHI P F.27.50	—	—	—	—	55	0.70	"
PHI P F.25	7	5.10	—	—	—	—	"
PHI P F.27.50	5	5.80	—	—	—	—	"
PRD C $30	15	½	—	—	—	—	$24¾
RD C F.140	13	13.30	30	15.50	—	—	F.150
RD C F.145	40	9	—	—	—	—	"
RD C F.150	167	5	29	8.30	4	10	"
RD C F.160	565	1.80	143	4	25	5.50	"
RD P F.135	70	0.30	—	—	—	—	"
RD P F.140	72	0.70	22	1.50	—	—	"
RD P F.145	65	1.70	11	2.20	—	—	"
RD P F.150	153	3.80	15	4.50	—	—	"
RD P F.160	161	11	16	10.90	—	—	"
T C $55	6	½	—	—	—	—	$53⅝
UNI C F.115	8	3.50	—	—	—	—	F.114
UNI C F.120	17	1.50	—	—	—	—	"
UNI C F.125	—	—	6	2.60	—	—	"
XON C $60	8	1¾	—	—	—	—	$58½
	Nov.		Feb.		May		
BA C $40	1	4	—	—	—	—	$45½
BAZ C $35	16	9⅜	—	—	—	—	"
BAZ C $40	30	4⅛	—	—	—	—	"
BAZ C $45	—	—	2	3⅞	—	—	"
OXY C $35	21	1⅛	4	9⅞	—	—	$26¼
SLB C $75⅝	5	19¾	—	—	—	—	$92⅞
SLY C $60	60	35½	—	—	—	—	"
SLY C $70	6	25½	—	—	—	—	"
SLY C $80	84	19⅝	—	—	—	—	"
SLY C $90	5	2¾	78	6¾	21	8	"
Series	Dec. Vol.	Dec. Last	March Vol.	March Last	June Vol.	June Last	Stock
GM C $50	8	4⅞	—	—	—	—	$54⅛

TOTAL VOLUME IN CONTRACTS 8881

C=Call P=Put

CORAL INDEX: Close 404-409 (−2)

M. P. Kent sees accelerated growth through forward selling

AT THE AGM of M. P. Kent members were told that two-thirds of the £6.5m due from the sale of certain property developments had now been received and the remaining monies were due very shortly.

Mr. M. P. Kent, chairman, said a further tranche of forward property sales had also been negotiated in recent weeks on schemes under construction. These would generate substantial cash flow and profits direct through to shareholders' funds during the current—and next—financial year.

The first of these forward property sales to be legally contracted for payment on completion was a City office development. This had been forward sold to an owner occupier for nearly £7m with completion and payment scheduled for November 1980.

The company's policy of creating prime property investments for forward sale to institutions would be maintained to enable it to enlarge its capital base as rapidly and prudently as possible.

Mr. Kent believed this policy would acelerate the company's growth rate by providing further substantial funds, maintain the company's low gearing and minimise its exposure.

The company's forward house sales were progressing on a satisfactory level with over 60 per cent of the planned programme for this financial year sold.

Sekers holds profit

In spite of adverse trading conditions Sekers International, dress, furnishing, upholstery fabric concern, has maintained first half profits, particularly in the retail sector, the directors state.

For the six months ended September 30 1979, on external sales up from £3.57m to £3.76m, pretax surplus was £217,900, compared with £215,100.

Conditions in the industry are still difficult, they say. However work has started on major new contracts and directors are confident that results for the full year will be satisfactory.

Profits for 1978-79 were a record £496,000.

On increased capital the net interim dividend, unchanged at 0.75p per 10p share, will cost £54,702 (£42,546). The total for the year is expected to be at least maintained at last year's gross figure of 3.04797p.

Tax for the six months was £23,400 (£34,200), and there was a minority loss, last time, of £1,700. Earnings per share are shown as 2.67p (3.15p).

It is not expected that the group will have a corporation tax liability for the current year, therefore, the tax charge for the six months, represents the irrecoverable ACT payable on the interim dividend. The tax charge for 1978 has ben restated in line with the effective tax rate for the full year.

Yesterday, Selincourt admitted defeat in its attempt to take over David Evans, the privately-owned textile company which has agreed a merger with Sekers.

Seker's offer worth £1.6m has won acceptance from nearly 70 per cent of the shareholders. Selincourt's offer, worth £830,000, has won no acceptances and has now expired.

SOBRANIE LOAN

Sobranie (Holdings) intends to make early redemption of the outstanding £30,953 debenture stock 1983-88 at £96 plus accrued to date of repayment.

First half upsurge for Lamont

FIRST HALF 1979 profit of Lamont Holdings rose from £8,855 to £80,580. Sir Desmond Lorimer, chairman, describes this as encouraging, and says every effort is being made to maintain the improvement and to develop the various interests.

The engineering division at home and abroad expanded both turnover and profit, and the life company continued its steady performance.

Some progress has been made in the property division, which has been draining profits. The office development, although not fully let, will commence to produce income at the end of the present year. The first phase of the warehouse project has been completed and let: the second and final phase is now under construction and is expected to be complete by mid-1980.

There is an attributable profit of £63,002 for ordinary holders, compared to a loss of £19,264 in the first half of 1978, giving earnings of 0.85p (loss 0.26p). For the year 1978, group profit before tax fell from £162,000 to £101,000, but the dividend was held at 0.3p. The company is controlled by Ulster Finance.

	1979 £	1978 £
Turnover	1,771,171	1,238,054
Trading profit	224,988	147,456
Depreciation	39,628	38,636
Interest	104,780	99,965
Profit before tax	80,580	2,855
Overseas tax	21,896	20,022
Extraord. items	—	2,353
Pral. dividend	1,680	1,680
Attrib. Ordinary	63,002	†19,264

† Loss.

Brengreen progresses to £178,000 midway

FOR THE 28 weeks ended October 12, 1979, Brengreen (Holdings), formerly Empress Services (Holdings), achieved pre-tax profits of £178,000 from turnover of £7.3m.

Comparative figures are £124,000 and £5.99m respectively, and reflect the audited accounts of Exclusive Cleaning (Holdings), Brengreen Investments for the 28 weeks to October 7, 1978, and of Brengreen (Holdings) for the 27 weeks period to that date.

Profit of Brengreen for 1978/79 was £265,000 on a £11.65m turnover.

Empress acquired Exclusive and Brengreen Investments in December, 1978, and changed its name thereafter.

Mr. David Evans, chairman, says the company continues to make satisfactory progress and he is confident that real growth will be achieved through the development of new markets for the cleaning industry.

He adds that the recently acquired painting and decorating business is making a contribution to profits.

The process and cost of rationalisation of the combined groups was completed during the first half.

Stated earnings per 10p share are 1.15p (0.43p) and the interim dividend is increased to 0.2p (0.1p) net—last year's total was 0.25p.

Pre-tax figure was struck after interest of £43,000 (nil), and was before tax of £40,000 against £72,000. The lower charge reflects the available allowances resulting from plant and machinery acquired and subsequently leased to customers by Brengreen Leasing and Rentals.

Net profits of £138,000 (£52,000) were subject to an extraordinary debit of £61,000 (nil), of which £41,000 relates to claims made under warranties in respect of the sale of subsidiaries, during 1978-79, and £20,000 relating to a legal dispute.

The chairman says the company is taking legal advice with a view to recovering this sum.

BRAZIL

November 16	Price Cruz	+ or −
Acesita	1.28	
Banco Brasil	2.50	+0.30
Banco Itau	1.43	
Belgo. Min.	2.20	+0.04
Lojas Amer.	2.49	−0.06
Petrobras PP	1.73	
Pirelli	1.50	+0.03
Souza Cruz	3.23	
Unip PE	5.70	+0.10
Vale Rio Doce	2.85	+0.20

Turnover: Cr. 149.5m. Volume: 67.4m.
Source: Rio de Janeiro SE.

SPAIN

November 16	Price %	+ or −
Asland	102	
Banco Bilbao	200	
Banco Central	208	−6
Banco Exterior	250	
Banco Hispano	202	−2
Banco Ind. Cat.	137	
Banco Madrid	190	−1
Banco Santander	206	
Banco Urquijo	205	
Banco Vizcaya	204	−1
Banco Zaragoza	200	
Dragados	102	−1
Espanola Zinc	60	
Fecsa	58.7	−0.5
Gal. Preciados	37.5	−0.5
Hidrola	65	−0.7
Iberduero	59.7	−1
Petroleos	120.5	−1.5
Petroliber	78	
Sogefisa	122	
Telefonica	60	
Union Elect.	65.7	+0.5

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§14 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	14 %	Julian S. Hodge	15 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	14 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	14½%
Arbuthnot Latham	17 %	Keyser Ullmann	14 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	17 %	London Mercantile	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	15½%
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	17 %
■ Brown Shipley	15½%	Rossminster	17 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	14 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	15 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	15½%	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	17 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	17 %	Whiteaway Laidlaw	16 %
Eagil Trust	15½%	Williams & Glyn's	17 %
E. T. Trust Limited	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	15½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15½%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

INSURANCE BASE RATES

† Property Growth	13½%
† Vanbrugh Guaranteed	14½%

† Address shown under Insurance and Property Bond Table.

WORLD STOCK MARKETS

NEW YORK

Dow index trims early loss

A SURGE in the Basic Money stock and another Prime Rate increase pushed stock prices broadly lower initially on Wall Street yesterday but the market was trimming its losses in active trading by mid session.

After opening 5.97 down at 815.36, the Dow Jones Industrial Average partially recovered to 819.88, by 1 pm, for a net loss of 1.45 on the day and trimming *its gain on the week to 13.40.* The NYSE All Common Index, at $59.31, firmed 4 cents on the day and $1.57 on the week. Declines led advances by a seven-to-five majority in a volume of 22.74m (20.57m) shares.

Analysts said the $3bn rise in the Basic Money stock and Citicorp's Prime Rate move to 15¾ per cent from 15½ per cent were blows to Stock Market hopes that interest rates are near a peak.

However, analysts noted the Federal Reserve has repeatedly warned against placing too much weight on one week's figures: They added investors were consoled that Citibank did not move its Prime Rate higher since its formula called for 15 per cent.

Among ailing car makers, General Motors slipped $¼ to $54 —it announced more layoffs. Active Ford shed $1¼ to $34¾—Thursday it said it may lose $1bn this year on North American operations.

Oils continued firmer. Occidental Petroleum again led the actives, rising $¾ to $26¾. Sun jumped $3¾ to $68¾, Marathon Oil $1¾ to $50, Mesa Petroleum $1½ to $74¾ and Superior Oil $3 to $134½.

Howard Johnson eased $⅛ to $21⅝—Imperial Group said it will need approval for liquor licences in enough U.S. States to maintain Howard Johnson's earnings stream if Imperial's planned takeover of Howard Johnson at $28 a share is to proceed.

Gould rose $¾ to $23¾—it said 1979 net earnings could match, or exceed, 1978's depending on the outcome of labour talks.

Active Boeing fell $2¼ to $42 and UAL $¼ to $21⅛—UAL said it will not exercise options to buy 22 Boeing 727 jetliners.

THE AMERICAN SE Market Value Index added 0.59 at 281.73, making a rise of 9.99 on the week. Turnover of 2.48m (2.63m) shares.

Oils firmed. Dome Petroleum gained $¾ to $41½, Damson Oil $1½ to $19¾, Petro-Lewis $¾ to $17⅞ and Baruch Foster $1⅛ to $11⅞.

L. B. Nelson added $⅛ at $11⅛ —it said a test of its energy saving automobile transmission for the U.S. Postal Service resulted in an 87 per cent increase in miles per gallon.

Closing prices and market reports were not available for this edition.

Canada

Markets were mixed in fairly active noon trading yesterday, when the Toronto Composite Index was unchanged at 1,632.7 and eight of 14 indices posted marginal advances.

The Oil and Gas Index rose 11.7 to *3,473.5. Golds* 1.4 to 1,904.7 and Metals and Minerals 0.5 to 1,421.6.

IAC, the most active Industrial issue on 94,780 shares, slipped another $¼ to $10¾ on news it was cutting its dividend.

Dome Petroleum were active and rose $1¼ to $48¾—it expects good fourth quarter results.

Among other Oils, Ocelot "B" advanced $1¼ to $28¼ and the "A" $1 to $28.

Canadian Homestead shed $¼ to $22¾ on lower earnings.

Noranda Mines slipped $¼ to $18⅞, despite increasing its dividend.

Tokyo

Prices closed higher in moderate trading, led by Export-Orientated issues, reflecting the yen's depreciation against the U.S. dollar and Thursday's recovery on Wall Street.

The Dow Average rose 14.54 to 6,387.11, in a volume of 250m shares. The Tokyo SE Index put on 0.78 to 444.50.

Vehicles, Electricals and Cameras firmed on revived buying interest following a generally calm Wall Street reaction to the tension between the U.S. and Iran.

Toyota Motor moved up Y23 to Y833 on its higher October vehicle production.

Recently-selected Oils, Coals and Non-Ferrous Metals eased on profit-taking. Teikoku Oil shed Y20 to Y1,100, Mitsui Mining Y23 to Y595, Showa Oil Y13 to Y388 and Nippon Mining Y6 to Y312.

Switzerland

Prices tended steady around the day's *highs* in the absence of fresh market factors.

Astra Petrole featured gains on strong demand in otherwise quiet pre-Bourse dealings.

Banks were steady except for Bank Leu Bearer, which closed firm. Financials and Insurances were quiet.

Domestic and Foreign Bonds steadied around previous levels.

Dollar stocks and Dutch Internationals were little changed, while Germans were predominantly higher.

Paris

French and Foreign shares were marked up across the board by an average of 2.18 per cent in an active pre-weekend session, with many issues recovering most of their losses of earlier this week.

Market observers cited the lowering of the French Call Money Rate to 11¾ per cent from 12¼ per cent and the relative buoyancy on Wall Street *on* Thursday. Some observers said they saw the decline in the Call Money *rate as* indicating that interest rates have peaked.

A report that Iran has stopped accepting payment for its oil in dollars came too late to affect Paris trading.

There were 163 gains to 30 declines in the French section. Oils and Metals led the rise, notably Elf-Aquitaine, Esso and Sacilor.

Other strong issues were General de Fonderie, which jumped 13 per cent, Credit Foncier, Revillon, Moet-Hennessy, Peugeot-Citroen, Dassault, Borel and Paris-France.

Moving lower were Bail-Equipment, Scoa, Moulinex, Marine-Wendel, Uta and Penarroya.

Buying spilled over into the *International* section, where gains led losses 36 to 15. Americans, Germans, Oils and Coppers were generally sought-after, although some selling was observed among Gold Mines.

Germany

Most leading shares were above Thursday's final prices but turnover was again low.

In Motors, BMW rose DM 3.50 to 164 and VW gained DM 2 to 179.

KHD and GHH led Engineerings up DM 1.50.

Chemicals and Stores were firmer.

In *Electricals,* Siemens put on DM 3 to 251.8 and AEG firmed DM 0.30 to 38.4.

Elsewhere, RWE advanced DM 5.30 and Veba gained DM 1.10.

On the Domestic Bond Market Public Authority Loans put on up to 80 pfennigs, enabling the Regulating Authorities to sell a nominal DM 119.6m of stock.

Mark-denominated Foreign Loans firmed.

Australia

Markets fell following the rise in the Bank of England Minimum Lending Rate, plus hesitancy over the Iranian situation.

Energy stocks led the decline, with Woodside Petroleum shedding 8 cents to A$1.67, while BHP lost 28 cents to A$9.56.

Coal and Allied lost 30 cents to A$4.00 and Thiess 6 cents to A$6.88, while CSR eased 10 cents to A$4.33.

Acmil lost 5 cents to 95 cents on the Brambles (steady at A$2.00) merger proposal.

BH South dipped 13 cents to A$3.50 and Western Mining 10 cents to A$3.10.

Elsewhere, Woolworths were off 4 cents to A$1.40 and Bank of New South Wales 3 cents to A$2.80.

Hong Kong

Mainly lower, despite a strong afternoon rally from the morning's lows with the Hang Seng Index down 8.76 at 728.01.

Early selling was prompted by nervousness following a rise in UK Minimum Lending Rate to 17 per cent.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Financial Rand US$0.78¼ (Discount of 34¼%)

Brazil and Spain Prices: Page 27

INTERNATIONAL COMPANIES and FINANCE

VW buys into Chrysler Argentina

BY OUR FINANCIAL STAFF

VOLKSWAGEN, the West German carmaker, is to acquire some 49 per cent of Chrysler Fevre Argentina in a deal that could eventually lead to the total purchase of the Argentina company for around $50m.

The Volkswagen supervisory board announced late yesterday afternoon that it had approved the purchase of the 49 per cent of Chrysler Fevre owned by Chrysler of the U.S. It understood that VW would subsequently offer to acquire the balance of the Argentinian company.

Last month, in what was described as a statement of intent, VW disclosed its interest in acquiring the Chrysler shareholding. The announcement followed several months of exploration of the Argentinian car market by the West German group.

Chrysler Fevre currently employs a workforce of around 4,400 at two plants.

The Chrysler board is expected to give its approval before the end of the year. The remaining interest in Chrysler Fevre is held by Argentine shareholders, mostly dealers and suppliers of the company. The Argentine Government is expected to soon give its assent to the takeover.

Roger Boyes writes from Bonn: Volkswagen executives were not available for comment on the acquisition last night but the move is seen as the latest in the German corporation's strategy of expansion in Latin America. VW talks in Argentina have been coordinated through its Brazilian unit, Volkswagen do Brasil, which is responsible for VW activities in South America.

Herr Toni Schmuecker, chairman of VW, has been pushing regional production policy for the corporation: North America producing for its own market; the Brazilian subsidiary supplying much of South America and the third world market; and Mexico supplementing Brazil in Latin America as well as building special types of vehicles for more advanced markets.

The Argentina acquisition will back up this Latin American bridgehead.

The acquisition is being made within the framework of VW's recently launched major spending programme. This three-year plan amounts to DM 8.9bn and is intended partly to help finance the company's important expansion in the U.S. and Mexico.

Italsider plant may receive EEC funds

By Paul Betts in Rome

SOME PROGRESS appears to have been made over the L400bn ($480m) restructuring proposals for the Bagnoli steel works in Naples between the Italian authorities and the EEC.

The EEC is expected to advance about 30 per cent of the funds needed to restructure the heavy loss-making plant which is part of the Italian state steel company Italsider.

Sig. Siro Lombardini, the Italian minister for state holding companies, said after talks here with Viscount Etienne Davignon, the EEC Industry Commissioner, that the European Community was in principle in favour of the restructuring of the Naples steel plant. However, the Italian minister said the community was now seeking a number of guarantees over the eventual new product line of the plant before giving its go-ahead to the restructuring programme.

Sig. Lombardini would not specify the nature of these guarantees but stressed the Italian authorities for their part were committed to the restructuring of Bagnoli whatever the final outcome of the current negotiations with the EEC.

Bagnoli, one of Italy's oldest steel plants which started operations in 1910, at present employs some 8,000 workers.

The plant has an annual production capacity of more than 2m tonnes of steel and currently specialises in the production of beams, rods for reinforced concrete structures, wire rods, bar rolled strips, and semi-finished products.

United Airlines cancels orders for Boeing jets

BY STEWART FLEMING IN NEW YORK

GROWING CONCERN in the U.S. airline industry about the immediate outlook for passenger growth and profitability emerged yesterday when United Airlines, the largest U.S. carrier, disclosed that it had cancelled orders for $300m of new Boeing 727 jets.

Over the past two years the U.S. airline industry has been placing billions of dollars of new orders for passenger jets, many of the orders going to Boeing, with the objective of adding capacity to meet expected passenger growth through the 1980s and also to replace less fuel-efficient and noisier jets currently in their fleets. These purchase programmes have been buoyed up by the dramatic rise in airline profits in 1977 and 1978, which coincided with the deregulation of the U.S. airline industry.

But this year airline profits have come under pressure, partly because of the 60 per cent rise in fuel costs and also because of early signs of slowing passenger growth as the economy enters recession.

In explaining its decision to cancel options on 22 Boeing jets, Mr. Gichard Ferris, the chairman, said that he expects the airline's trunk traffic in the U.S. to drop 6 to 10 per cent in 1980 and added that United is not planning to increase capacity next year, the first time it has taken this action in several years.

Sprecher plans to pass current year's dividend

By John Wicks in Zurich

THE SWISS electrical engineering company Sprecher and Schuh, of Aarau, has indicated to shareholders that no dividend payment is likely for the current year. Financial results are poor, it said yesterday in a report on the first nine months of this year, with no marked improvement foreseen in the final quarter. In 1978 the company paid a dividend of SwFr 50 per share from net profits of SwFr 2.9m ($1.75m).

Group billings in the first nine months were below expectations at some 10 per cent under the corresponding figures for last year. This will improve by the end of the year due to the delivery of a number of major orders, but group turnover for 1979 as a whole will be below the SwFr 479m ($288.5m) recorded last year.

The new-order position is said to be unsatisfactory with the corresponding value 2 per cent below the 1978 level. This is attributed primarily to falling prices in the power distribution equipment field.

Japanese trading houses ahead

BY RICHARD C. HANSON IN TOKYO

STRONG profits growth is forecast for this year by two of Japan's major trading houses following solid gains in earnings over the first six months which ended September.

Sumitomo, the country's fourth largest trading house, expects net profits to rise by a sixth for the current fiscal year to Y9bn ($36.5m) on sales higher by around 12 per cent. At rival Marubeni, the forecast is for annual net profits of Y8.8bn ($35.5m) which would be more than double the 1978-79 level.

The upturn this year is being underpinned by sharp growth in import business which Japan's still buoyant domestic economy is managing to generate. Next year, however, the trading background is likely to become more uncertain as the economy slows, and the houses stress.

Sumitomo reports a record net profit of Y4.51bn, up 22.8 per cent from a year ago, for the six months ended September. Sales also reached a peak at Y3,310bn, a gain of 15.7 per cent. Import revenues were up 51 per cent, while exports rose 16.1 per cent and domestic business gained 7.8 per cent.

Marubeni posted a half-year record net profit of Y5.48bn, a gain of 162.4 per cent on a 22.1 per cent sales increase to Y3,727bn. Import business was up 59.4 per cent, with export sales up only 5.4 per cent and domestic business up 16.7 per cent.

The sharpest gains in sales have been in the area of oil and other raw materials such as timber where prices have risen sharply. Exports of commodities such as steel have been healthy, but big plant orders have been sluggish.

Toyo Menka, Japan's seventh largest trading house with strong interests in textiles, reports a 5.1 per cent increase in net profit to Y762m on a sales increase of 37.1 per cent for the six months. The company experienced a 59.1 per cent increase in import business and a 63.5 per cent rise in exports as metals and textiles exports recovered.

Toyo Menka sees a 3.9 per cent net profit increase for the year, although operating profits are expected to decline. Sales should rise by 26.4 per cent to Y2,700bn.

Bache restructures debt as earnings fall sharply

BY OUR FINANCIAL STAFF

BACHE GROUP, holding company for Bache Halsey Stuart Shields, one of the largest traders in the securities industry, yesterday announced a sharp fall in earnings in the first quarter and disclosed that it has agreed with a banking syndicate to reorganise its debt structure.

Mr. Harry A. Jacobs told shareholders at the group's annual meeting in New York that the syndicate, headed by Continental Illinois Bank and Trust, has agreed to lend up to $50m of subordinated debt "on improved terms from our present financing."

"We will not take all this money down but we will have it available when we need it," Mr. Jacobs told shareholders.

For the first quarter, Bache announced earnings of $3.3m, or 41 cents a share, compared with $5.5m, or 71 cents, last time. Revenues advanced from $110.2m to $126.2m.

In 1978, net income jumped by 163 per cent to $1.70 a share on revenues 31 per cent higher. About 40 per cent of 1978 revenues came from securities commissions but substantial contributions also came from interest earnings, principal transactions and from investment banking.

Mr. Jacobs said that Bache's present debt equity ratio is 30 per cent debt and preferred stock and 70 per cent common equity. He commented that two of the group's publicly-held competitors have capital structures of about 60 per cent preferred stock and 40 per cent common equity.

Bache deals mainly with retail customers through its 185 offices in the U.S., Canada and Europe. An interest of about 7 per cent has recently been acquired by Canadian investors.

Alberta Gas Trunk profits advance 40%

By Robert Gibbens in Montreal

ALBERTA GAS Trunk Line, Alberta's main gas transmission company which last year bought control of Husky Oil, earned C$78.6m or C$1.94 a share in the first nine months, an increase of almost 40 per cent on the C$56.3m or C$1.54 a share earned in the corresponding period last year.

Revenues were C$767m, against C$346m. The large increase in revenue was mainly due to consolidation of the Husky Oil accounts from July 1 last.

* * *

Pratt and Whitney Aircraft of Canada is starting an expansion programme at its Montreal engine and maintenance plant which will cost C$90m over three years. Production capacity will rise more than 50 per cent.

Dutch papermaker faces closure

BY CHARLES BATCHELOR IN AMSTERDAM

LOSSES of Okto, the board-making subsidiary of Koninklijke Nederlandse Papierfabrieken (KNP), are now expected to be much higher than budgeted for. The Dutch Government is unwilling to provide extra aid, and Okto now faces closure.

KNP intends to fulfil its obligations under the rescue plan agreed with the other shareholder, the Northern Development Company (NOM), and the state, but the losses are now expected to be so great over the next few years that KNP cannot provide any extra financial help. This would threaten even the profitable parts of the company.

Mr. Gijs van Aardenne, Economics Minister, said the Government is not prepared to provide the extra Fl 60-70m ($30-35m) worth of aid now needed. Mr. van Aardenne is to hold talks with the Ministers of Finance and Social Affairs, but closure of the company, which has made losses since it started up in 1976, is now a distinct possibility.

The Government is, however, not prepared to see Okto taken over by a foreign papermaker for next to nothing, to become a competitor of Dutch companies.

Okto employs 250 people making testliner and corrugated board at Winschoten in the North-East Netherlands. It has solved the technical and administrative problems associated with its start-up, but tough competition in Europe has put pressure on prices of its products. The cost of energy and old paper, which accounts for 75 per cent of its raw materials, has also risen sharply.

Okto is 51 per cent-owned by KNP, with the remainder held by the state-funded Northern Development Company. Losses at Okto turned KNP's expected net profit for 1978 of around Fl 11m ($5.5m) into a loss of Fl 4m.

Under the rescue package announced last March, Fl 70m of debt to KNP and government-guaranteed loans were written off. Okto's share capital was increased by Fl 40m to Fl 120m, while KNP provided Fl 10m of overdraft facilities to the company.

COMMODITIES/REVIEW OF THE WEEK

Sterling rise brings sugar price setback

BY OUR COMMODITIES STAFF

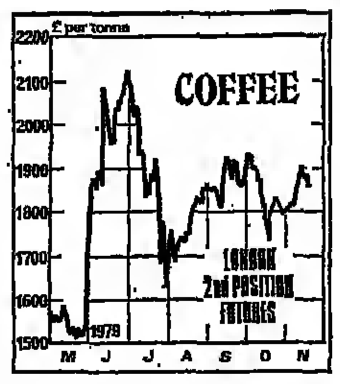
THIS WEEK'S rise in the value of the pound, encouraged by Thursday's 3 per cent rise in the minimum lending rate, prompted a general decline in London's soft commodity markets.

The most dramatic decline was in sugar. After rising to a three-year high of £189 a tonne on Thursday morning the March position on the London raw sugar futures market fell back sharply. A £5.15 drop yesterday left the quotation £4.95 down on the week at £178.725 a tonne.

Meanwhile the London daily raw sugar price ended the week *£9 lower at £151 a tonne after* reaching £165 at one stage.

Dealers said there was no significant fundamental news to account for the early rise. They attributed this to a continued reaction to last week's production deficit forecasts, and the threat by President Marcos of the Philippines to hold sugar off the world market.

The new No. 4 raw sugar contract began trading on the London futures market this week. The contract offers a much wider variety of supplying countries than the old No. 2 contract—which will continue in operation until the end of next year. It maintained a modest *discount* to the No. 2 contract and was much more quietly traded. Yesterday No. 4 dealings totalled only 424 lots compared with 8,783 for the No. 2 contract.



Coffee prices also moved higher early in the week, encouraged by producer support buying and news that four Central American producers had agreed to hold coffee off the world market indefinitely to allow Brazil to clear some of *its surplus stocks.* The January futures quotation climbed to £1,904 on Tuesday—nearly £100 up on a week earlier.

But the sterling rally took its toll and by last night's close January coffee was quoted at £1,858.5 a tonne, only £5 higher on the week.

There was a similar pattern on the London cocoa futures market. Speculative buying pushed values higher early on but they declined later reflecting currency considerations. March delivery cocoa futures ended the week £42.5 down at £1,409.5 a tonne.

Prices on the London physical rubber markets also lost early gains. The RSS No. 1 spot price rose to 66.5p a kilo at one time but ended the week 0.5p down at 62.5p

Metal prices came under pressure from the rise in the value of sterling against the dollar, but were generally sustained by other influences.

Copper, for example, moved up strongly during the week despite the stronger pound. Cash wirebars closed last night £26 higher on the week at £984 a tonne and the three-month quotation closed last night £20.75 up on the week after having traded at £1,000.

A fall in warehouse stocks, when a modest rise had been predicted, and forecasts of a bigger decline this week underpinned the market. At the same *time a rise in U.S. prices,* both on the futures market and by producers, pushed London higher.

Lead prices rallied strongly, too, following predictions of a sharp fall in warehouse stocks, reportedly to meet shipments to the Soviet Union.

A further reduction in supplies of Aluminium, and news of further labour problems hitting Alcan production in Canada, boosted the market to a new high with the cash price climbing by £44.5 to £887.5 a tonne.

Tin, zinc and silver values, however, all lost ground.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1970 High	1970 Low
METALS					
Aluminium	£750/770	—	£710	£770	£710
Free Markets c.i.f.	$1705/1740	+17.6	$1,180/200	$1,775	$1,910
Antimony					
Free Market 99.6%	$5120/5200		$2,275/782	$3,175	$2,712.5
Copper Cash Wire Bars	£984	+22	£749	£1,090.6	£769
3 months Do. Do	£994.5	+20.75	£727	£1,095.5	£783.72
Cash Cathodes	£921	+82	£733	£1,068	£744.5
6 months Do	£974	+19.2	£754.5	£1,057	£727.25
Gold per oz	$390.5	—	$198.282	$494.00	$216.582
Lead cash	£595	+20.5	£399	£701.5	£456.76
3 months	£577.5	+7	£389	£648.2	£420.75
Nickel	£3,132.22			£3,295.4	£2,320.89
Free Market c.i.f. lb	260/280c	-8.5	170/80c	340c	186c
Platinum per oz	£126.5	—	£142	£136.5	£162
Free Market per oz	£292.15	-18.32	£159.7	£383.10	£129.65
Quicksilver (76lbs.)	$360/380	+99.5	$125/40	$355	$160
Silver per oz	756.85p	-29.55	306.05p	850.50p	269.4p
3 months per oz	775.92p	-36.56	303.32p	877.00p	303.7p
Tin cash	£7,462	-72	£7,210	£7,957.5	£6,320
3 months	£7,282.5	-152.5	£7,415	£7,620	£6,365
Tungsten Ind	$149.79		$141/86	$145.56	$127.94
Wolfram (22.04 lb)	$137/143	-1	$140/45	$144/149	$130.5
Zinc cash	£321	-11.5	£346.5	£408.5	£275.5
3 months	£320.6	-10.25	£358.2	£493.2	£282.25
Producers	$780	—	$720	$845	$720
GRAINS					
Barley					
Home Futures	£95.0	-1.05	£83.8	£98.55	£85.8
Maize					
French No. 3 Yellow (Amer)	£112.72	+0.72	£105.8	£116.75	£105.5
WHEAT					
No. 1 Red Spring	‡	—	£94	£99.0	£92.0
Am. Hard Winter	£108.50w	+9	£87.75	£111.75	£85.2
Eng. Milling (new crop)	‡	—	£92	£107.5	£83.5
SPICES					
Cloves (g)	$4,000x	—	$3,975	$4,000	$3,850
Pepper, white	$2,775x	—	$2,875	$3,850	$2,600
" black	$1,875x	-25	$1,875	$1,925	$1,660
OILS					
Coconut (Philippines)	$910.0x	-20	$840	$1,175	$805
Groundnut 5%	‡	—	‡	‡	‡
Linseed, Crude	£465	+15	£356	£441	£356
Palm Malayan	$655.0y	+5	$590	$780	$588.50*
SEEDS					
Copra (Philippines)	$605	-10	$565	$745	$590
Soyabeans (U.S.)	$299.50w	+11.8	$274	$350.46r	$255.25
OTHER COMMODITIES					
Cocoa Shipment	£1,487	-50	£2,164	£2,041	£1,446
F'ts 3nd psn	£1,409.5	-42.5	£2,143.5	£1,990.8	£1,350.5
Coffee Futures Jan	£1,858.5	+5	£1,403	£2,089	£1,298.5
Cotton Index	80.70c	+1.3	78.7c	80.70c	72.5c
Des. Coconut	£700		£545	£740	£700
Jute UA AWC grade	£296x	-1	£491	£225	£226
Rubber kilo	65.60p	+0.5	60.0p	67.750p	65p
Sago Pearl	£219x	—	£178	£219	£176
Sisal No. 3 L	$885	—	$530	$885	$515
Sugar (Raw)	£161.0	-9	£100	£165.0	£92.5
Tapioca No. 1	£209x		£156	£200	£167
Tea (quality) kilo	144p	-5	158p	166p	123p
" (plain) kilo	72p	+9	79p	88p	60p
Wooltops 64s Warp	290p kilo	+2	272p kilo	295p kilo	252p kilo

* Nominal. ‡ Unquoted. (g) Madagascar. (y) Dec. (x) Nov./Dec. (z) Nov. (w) Jan.

MARKET REPORTS

BASE METALS

COPPER—Gained ground on the London Metal Exchange. After opening at £995 forward metal moved ahead to touch £1,002 in the early afternoon reflecting forecasts of a further fall in warehouse stocks and a strong opening on Comex. However, the sharp rise in sterling pared the price to £996 on the late kerb. Turnover: 18,600 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	985-6	+3	993-5	+4.25
3 months	996-7	+16	994-5	+5.75
Settlem't	986	+9	—	......
Cathodes				
Cash	922-3	+12	960-9	+5
3 months	975-6	+16	973-5	+2.0
Settlem't	963	+12	—	......
U.S. Prod	—	......	*96-101	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £985, 84, 86, three months £994, 95, 96, 97. Cathodes, cash £965, 63.5, 62, 63. Kerb: Wirebars, three months £996, 95, 96, 97, 98, 97. Afternoon: Wirebars, three months £1,000, 999, 1,000, 999.5, 99, 98, 98.5, 98, 95, 93, 94. Kerb: Wirebars, three months £996, 95, 96, 96.5, 97, 98.

TIN—Easier. Forward metal opened lower at £7,330 and held around the level reflecting covering against physical demand. Hedge selling then entered the market and the price dipped to £7,290 on the *morning kerb*. In the afternoon the rise in sterling pared forward metal to £7,290 before renewed U.S. physical buying interest pushed the price up to £7,310 on the late kerb. Turnover: 830 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7480-500	-55	7460-70	-55
3 months	7295-310	-100	7285-95	-82.5
Settlem't	7500	-50	—	......
Standard				
Cash	7460-70	-80	7460-70	-55
3 months	7290-300	-100	7280-5	-82.5
Settlem't	7470	-80	—	......
Straits. E.	†$8025	-20	—	......
New York	—	......	—	......

Morning: Standard, early January £7,380, three months £7,330, 10, 05, 7,300, 7,295, 90. High Grade, cash £7,480, 80. Kerb: Standard, three months £7,300. Afternoon: Standard, three months £7,270, 80, 85. Kerb: Standard, three months £7,280, 7,300, 10.

LEAD—Moved ahead reflecting expectations of a substantial fall in warehouse stocks which widened the backwardation and lifted forward metal from £573 on the late pre-market to the day's high of £578.5 prior to a close on the late kerb of £577.5. Turnover: 17,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	597-8	+15	595-7	+15
3 months	578.5-6	+2.5	577-8	+9.5
S'ment	598	+15	—	......
U.S. Spot	—	......	*57-63	......

Morning: Cash £594, 97, three months £572, 71, 74, 75, 76, 77, 76, 75, 75.5, 76. Kerb: Three months £576.5, 79, 78, 77, 78. Afternoon: Three months £582, 83, 82, 80, 79, 78, 77, 76, 77, 78. Kerb: Three months £578, 77, 76, 77, 78.

ZINC—Marginally firmer aided by the gains in *copper* and *lead*. Forward metal moved up to £332 on the pre-markets and thereafter held steady to close the late kerb at £332.5. Turnover: 2,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	621.5-2.5	+0.6	680.5-1.5	+3
3 months	651-2	+5.75	650-1	+2.5
S'ment	692.2	+5.2	—	......
Prim w'st	—	......	*35-57.5	......

Morning: Three months £331, 30, 31, 32. Kerb: Three months £332. Afternoon: Three months £332, 31, 30. Kerb: Three months £331, 32.

ALUMINIUM—Sharply higher. Forward metal opened at £800 and *quickly rose to £828 in the morning* rings following forecasts of a sizeable decline in stocks and reports of labour unrest at Alcan. Strong demand for cash material widened the backwardation around £85 at one point. However, in the afternoon the strength of sterling and heavy profit-taking and lending saw forward metal turn easier to close the late kerb at £810. Turnover: 5,500 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	900-10	+55	885-90	+37.5
3 months	895.5-6.5	+35.5	890-1	+34.5

Morning: Cash £915, three months £816, 17, 16, 19, 24, 25, 26, 25, 24, 23, 24, 25, 26. Kerb: Three months £826, 29, 27, 26. Afternoon: Three months £826.5, 25, 24, 23, 22, 20, 19, 20, 21, 20. Kerb: Three months £818, 19, 16, 17, 16, 15, 14, 12.

NICKEL—Lower mainly reflecting the sharp rise in sterling against the dollar. After holding steady around the £2,770 level throughout the *morning forward metal fell away in the* afternoon with long liquidation touching off stop-loss selling which pared the price to £2,700. This level, however, attracted good support and the price rallied to close the late kerb at £2,725. Turnover: tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2760-80	+5	2870-00	-50
3 months	2785-92	-5	2730-40	-40

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,775, 90. Kerb: Three months £2,790. Afternoon: Three months £2,760, 40, 10, 2,700, 10, 20, 90, 40.

SILVER

Silver was fixed 5.25p an ounce lower for spot delivery in the London bullion market yesterday at 755.95p. U.S. cent equivalents of the fixing levels were: Spot 1,620.0c, up 10.0c; three-month 1,657.4c, up 10.0c; six-month 1,694.3c, up 14.5c; and 12-month 1,778.5c, up 42.8c. The metal opened at 750-755p (1,610-1,620c) and closed at 755-760p (1,630-1,640c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	756.95p	-5.25	754.0p	+5.0
3 months	772.95p	-4.25	775.5p	+6.5
6 months	796.12p	-2.25	—	......
12 months	843.12p	+12.7	—	......

LME—Turnover 125 (197) lots of 10,000 ozs. Morning: Three months 775, 76, 77, 78, 79, 78.5, 78, 77. Kerbs: Untraded. Afternoon: Three months 776, 75. Kerbs: Three months 775.

COCOA

Weaker at the opening, at the highs futures were equal to the close of Thursday evening but eased during the *afternoon* and closed at the mid-point of the day's range. Producers again withdrew at these lower levels with consumers only showing limited interest for cocoa products, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1388-1408	-4.0	1405-1380
March	1409-1410	-4.0	1418-00
May	1420-1421	-4.0	1427-08
July	1440-1445	-2.5	1445-25
Sep	1453-1460	-2.0	1461-45
Dec	1450-1480	-4.5	1480-55
March	1485-1510	+ 2.5	—

Sales: 3,275 (7,936) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 15: 134.69 (133.71): Indicator price Nov. 16: 15-day average 131.97 (131.61): 22-day average 132.71 (132.86).

COFFEE

Robustas opened £5-£10 lower but trade and commission house buying absorbed early selling pressure as the market advanced during a fairly quiet morning *session,* reported Drexel Burnham Lambert. In the afternoon weakness in New York futures and an eventual decline to the four-cent limit lose together with steadiness in sterling were contributing factors to London's easier tendency as values finished around the lows of the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1823-30	-24.0	1855-86
January	1857-60	-32.0	1890-55
March	1741-42	-17.0	1765-40
May	1706-06	-27.5	1730-04
July	1693-95	-27.5	1717-94
Sept.	1682-86	-22.5	1694-89
November	1271-80	-90.5	—

Sales: 2,872 (5,168) lots of 5 tonnes.

ICO indicator prices for November 15 (cents per pound): Other Mild Arabicas 205.92 (206.17). Robustas ICA 1976 178.00 (same). ICA 1968 178.25 (same). Unwashed Arabicas 215.00 (same). Comp. daily ICA 1968 200.82 (200.86).

GRAINS

LONDON GRAIN FUTURES—The market opened 30-40 higher but found strong profit-taking and despite some country short-covering, values settled down at only 15 points higher with nearby options well bid. The spot encountered tax buying which closed the November 60 points higher, while late commercial buying helped other old crop months to close between 25-45 points higher, reported Acli.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov	94.85	+0.6	99.00	+0.60
Jan	97.85	+0.45	96.00	+0.45
Mar	102.92	+0.55	99.35	+0.35
May	105.85	+0.25	103.05	+0.40
Sept	98.45		95.40	-0.10

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted; U.S. Dark Northern Spring No. 2 14 per cent Nov. 105.50, Dec. 107.75, Jan. 111.25 transhipment East Coast; U.S. Hard Winter 13½ per cent Jan. 108.50 transhipment East Coast; EEC unquoted. Maize: U.S./French Nov. 116.75, Dec. 117.75 transhipment East Coast; South African White unquoted; South African Yellow Dec.-Jan. 79.25. Barley: English Feed fob Nov. 95.50, Dec. 97, Jan.-March 102 East Coast. Sorghum: U.S./Argentina unquoted. Oats: Scandinavian Feed unquoted.

Business done—Wheat: Nov. 94.85-94.50, Jan. 97.85-97.60, March 102.25-102.05, May 106.00-105.70, Sept. ——. Sales: 329 lots of 100 tonnes. Barley: Nov. 92.00-91.60, Jan. 98.00-94.70, March 99.35-99.15, May 103.00-102.85, Sept. 95.40-95.40. Sales: 291 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern, 92.50; E. Midlands, 91.20; N. East, 91.40; Scotland, 81.40. Other milling wheat: E. Midlands, 99.10. The UK Monetary Coefficient for the week beginning Monday, November 18 is expected to decrease to 1,107.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 287 (292) cents a kg (buyer, December).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Dec	63.50-63.70	64.50-65.00	65.60-63.70
Jan	64.20-64.25	65.00-65.05	64.25
Jan-Mar	65.00-65.05	65.75-65.85	60.50-64.80
Apr-Jne	67.05-67.10	67.80-68.00	67.90-66.85
Jly-Sept	69.45-69.50	70.20-70.30	70.20-69.25
Oct-Dec	71.85-72.00	72.55-72.60	71.80-71.70
Jan-Mar	74.40-74.50	75.00-75.05	74.80-74.20
Apr-Jne	76.80-76.90	77.45-77.50	77.10-76.70
Jly-Sep	79.55-79.60	79.95-80.00	79.65-79.20

Sales: 543 at 15 tonnes, 16 at 5 tonnes. Physical closing prices (buyer) were: Spot 63.50p (64.00p); Dec. 65.75p traded (66.00p); Jan. 65.75p (65.50p).

SOYABEAN MEAL

The market opened steadier on rumours of Soviet interest in meal, reported T. G. Roddick. Prices held steady throughout the day and finished on a firm tone with late commercial buying.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
December	124.60-25.2	+1.7	124.60-24.10
February	126.20-26.6	+1.0	126.60-25.70
April	126.80-27.2	+0.85	127.00-26.10
June	126.50-27.5	-0.05	—
August	126.50-30.0	+0.6	—

Sales: 108 (138) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £151.00 (£162.00) a tonne cif for Nov.-Dec.-Jan. shipments. White sugar daily price was £181.50 (£189.50).

First trade in March was £176.50 but buyers for this position quickly bid up to £179.00 before heavier offerings developed and the gain was soon lost. Thereafter prices were contained within a 100 points range until the afternoon. The pound then gained strength against the dollar following reports that Iran would no longer accept U.S. currency for oil, but the New York market was firm and London prices gained some £3.50, but profit-taking pared the gains at the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	175.60-75.70	179.60-79.50	179.00-71.00
March	176.70-76.75	182.75-84.00	183.00-75.25
May	178.30-78.50	183.50-83.75	183.50-76.00
Aug.	177.25-77.85	182.30-82.50	181.50-74.00
Oct.	177.65-77.40	182.30-82.40	182.00-75.25

Sales: 8,783 (7,401) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £242.50 (£255.00) (or export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for November 15: Daily price 13.82 (14.00): 15-day average 13.33 (13.16).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 183.00, 184.25, nil, nil; April 184.00, 185.25, 184.00-182.00, 21; July 187.00, 190.00, nil, nil; Sept. 188.00, 190.00, nil, nil; Nov. 188.00, 190.00, nil, nil; Feb. 192.00, 197.00, nil, nil; April 184.00, 204.00, nil, nil. Sales: 21.

AMERICAN MARKETS

NEW YORK, November 16.

THE PRECIOUS metals firmed on the increasing tensions between the U.S. and Iran and on the higher than expected increase in the U.S. money supply. Copper continues to generate good commission house buying on the tight nearby situation. Sugar was higher on good trade buying which encouraged fresh commission house interest. Coffee was mixed on a lack of new developments while cocoa was *mixed with light commission house* support. The Livestock complex was mixed with hogs higher on good demand and cattle mixed in a delayed reaction to this week's cattle on feed report. The grains and soya-complex were mixed with wheat higher on rumours of Russian buying, and corn and soyabeans slightly lower on a lack of commercial support. Cotton was weak on favourable harvesting conditions, Heinold reported.

Coffee—"C" Contract: Dec. 218.00-218.80 (216.25), March 202.50-204.00 (201.71), May 197.00-197.75, July 196.50-197.00, Sept. 195.00-195.55, Dec. 192.00, March 190.00-190.50.

*Platinum — Nov. unquoted (unquoted), Dec. unquoted (unquoted), Jan. unquoted, April 490.10-491.00, July 496.00, Oct. 503.90, Jan. 508.00, April unquoted. Sales: 1,674.

Copper—Nov. 95.40 (97.40), Dec. 98.40 (97.80), Jan. 98.50, March 98.70-99.00, May 98.90-99.20, July 99.10, Sept. 99.30, Dec. 98.50-99.70, Jan. 99.60, March 99.80, May 100.00, July 100.20, Sept. 100.40. Sales: 5,000.

*Gold—Nov. 389.70 (386.10), Dec. 391.00-391.60 (388.30), Jan. 396.70, Feb. 401.20-402.00, April 411.50-411.90, June 419.80, Aug. 428.10, Oct. 436.40, Dec. 444.30, Feb. 452.10, April 459.70, June 467.40, Aug. 475.10. Sales: 15,000.

¶Silver—Nov. 1620.0 (1605.0), Dec. 1628.0-1638.0 (1616.0), Jan. 1651.0, March 1690.0-1701.0, May 1722.0-1723.0, July 1754.0, Sept. 1768.0, Dec. 1805.0, Jan. 1919.5, March 1843.5, May 1868.5, July 1893.5, Sept. 1918.5. Sales: 8,200. Handy and Harman bullion spot 1916.00 (1587.00).

Potatoes (round whites)—March 73.7 (73.5), April 86.7 (87.0), May 98.5-99.8, Nov. unquoted. Sales: 382.

Tin—Unquoted (unquoted).

CHICAGO, November 16.

Lard—Chicago loose 23.25 (same). New York prime steam 24.75.

Live Cattle—Dec. 70.80-70.70 (71.22-70.75), Jan. 72.75-72.60 (72.98-72.67), Feb. 74.15-74.25, April 74.95-75.10, June 75.60-75.75, Aug. 74.00-74.38, Oct. 72.60-72.80, Dec. 73.75. Sales: 30,059.

Live Hogs—Dec. 41.35-41.50 (41.22-41.42), Feb. 43.50-43.30 (42.82-43.40), April 41.40-41.25, June 44.75-44.65, July 45.60, Aug. 44.50, Oct. 43.30, Dec. 44.50, Feb. 45.50. Sales: 7,574.

‡‡Maize — Dec. 270½-271 (271¼), March 287¾-288¼ (288¼), May 299½-299¾, July 306-305½, Sept. 309¾, Dec. 312½-311¾.

Pork Bellies—Feb. 52.50-52.75 (53.62-52.62), March 53.25-53.05 (53.90-53.15), May 54.50-54.35, July 55.30, Aug. 54.30. Sales: 7,840.

Silver—Nov. 1615.0 (1607.01), Dec. 1627.0 (1617.5), Feb. 1658.0-1669.0, April 1697.0, June 1725.0, Aug. 1751.0, Oct. 1777.0, Dec. 1803.0, Feb. 1829.0, April 1855.0, June 1881.0, Aug. 1907.0, Oct. 1933.0, Dec. 1959.0, Feb. 1985.0, April 2011.0, June 2037.0, Aug. 2063.0.

‡Soyabeans—Nov. 674½ (679), Jan. 692-691 (693½), March 714½-716, May 735½-734½, July 751½-751, Aug. 758, Sept. 759, Nov. 766.

‖Soyabean Meal—Dec. 196.50-197.00 (195.90), Jan. 199.00-199.10 (197.70), March 201.90-202.00, May 203.50-203.80, July 206.30-206.50, Aug. 207.50-208.00, Sept. 209.00-209.10, Oct. 209.50-210.00, Dec. 211.00.

Soyabean Oil — Dec. 26.75-26.80 (26.43), Jan. 26.30-26.28 (26.12), March 26.05-26.10, May 26.00-26.05, July 26.25-26.20, Aug. 26.25, Sept. 26.30-26.35, Oct. 26.35-26.40, Dec. 26.45-26.55, Jan. 26.40-26.60.

‡Wheat — Dec. 437-436½ (433½), March 457½-456½ (454½), May 462, July 453½-454½, Sept. 466, Dec. 480.

WINNIPEG, November 19. §Barley—Dec. 118.00 (117.40), March 117.60 (119.90), May 119.70, July 115.60, Oct. 113.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 247.25 (247.60).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

Nov. 15	Nov. 14	M'nth ago	Year ago
295.12	999.64	999.06	258.27

(Base: July 1, 1952=100)

MOODY'S

Nov. 15	Nov. 14	M'nth ago	Year ago
1160.4	1159.0	1159.1	999.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 15	Nov. 14	Month ago	Year ago
Spot	504.50	410.56	405.49	295.48
F'tur's	416.89	420.99	410.39	399.68

(Average 1924-25-26=100)

REUTERS

Nov. 15	Nov. 15	M'nth ago	Year ago
1294.7	1705.0	1920.9	1508.9

(Base: September 18, 1931=100)

Potential power vacuum the institutions must fill

BY CHRISTINE MOIR

DURING THE autumn conference of the National Association of Pension Funds this week one speaker from the floor pointed out that if the big investing institutions—who already own nearly half of all British equities—failed to assume responsibility as shareholders in the companies in which they invest, a power vacuum would form which would undoubtedly be filled by some other group.

His comments came shortly after an impassioned exhortation to pension fund investment managers from Sir Keith Joseph, Industry Secretary, to take a continuing strategic interest in company performance. He said he was not talking about institutional involvement during catastrophes but continuous monitoring of performance in order to stimulate management efficiency.

It has become almost a truism to point out that shareholders do have responsibilities for their companies; they are, after all, the technical owners. It is also irrefutable that active shareholders do stimulate management to match performance to expectation. But there are immense problems for shareholders assuming these responsibilities and exercising their powers.

Sir Harold Wilson, who is considering this problem among the many studied by his committee on the City, has several times wrily noted that institutional investment managers are bound to be criticised equally whether they intervene in company affairs or refuse to do so.

Sir Keith's speech this week showed that he too was aware of the dilemma. Having pleaded with his audience to shoulder their responsibilities as shareholders and begin exercising their powers, he crisply enumerated the pitfalls.

- Fund managers have no special skills in industrial analysis so performance monitoring will be difficult.
- It is also expensive and will tend to increase investment overheads.
- Executive management may resent what they regard as interference from outsiders.
- Intimacy with a company could result in fund managers being regarded as "insiders" with consequent inhibitions on dealing.

The dilemma is one of which investment managers are acutely conscious. Some, perplexed by the difficulty of resolving it, continue to hide behind a refusal to accept that shareholders have any power. They see themselves merely as punters whose choices are limited to studying a company's public "form" and getting in or out of its shares on that basis.

This attitude simply refuses to face facts. The institutions do have power as shareholders. Over the past couple of years they have begun to exercise it. To be sure, on occasion, they have looked foolish. Too often collective action is hastily embarked on which generates little but bad feeling. But this is to be expected; they are still learning their role.

Locked in

On the plus side they did draw attention to inequalities in the Wilkinson Match/True Temper takeover; they have prevented companies such as Pearson and Phillips from buying out too cheaply the minorities in their subsidiaries; they have delayed controversial mergers, such as that of Dalgety and Spillers, to allow more time for appraisal. And, following the Allied Breweries/J. Lyons merger, they have even forced a change in Stock Exchange rules. From now on shareholders will have to be consulted before major acquisitions are embarked on.

So it is clear that the institutions do have shareholder power. Furthermore in their own interests they need to exercise it. Far from being able to get in and out of their investments like punters, the funds are becoming daily more locked into their company investments as their share of the securities markets grows. So far as the biggest companies are concerned, the institutions tend to have permanent "core holdings" in which dealings are insignificant and infrequent.

The implication of this is that as the institutions are long-term shareholders in companies, they must try in any way possible to support and encourage the performance of those companies.

Some of the institutions have woken up to this fact of life, and are actively encouraging personal contacts between companies and their shareholders in the interests of long-term investment performance.

The catch is whether such contacts will turn fund managers into "insiders," privy to confidential information which they cannot then act upon because it is privileged.

The Prudential takes a robust attitude to this. Lord Carr of Hadley, deputy chairman of Prudential, recently presented a paper to the Institute of Chartered Secretaries on the "function of ownership and the role of institutional shareholders."

In it he quotes his own chairman's annual statement in the 1977 accounts which forecast and applauded the development of closer contacts between institutions and companies.

He then goes on to formulate a stronger view. Starting with the basic principle that if an institution's personal contacts with a company do throw up inside information then it must accept that it is thereby prohibited from dealing, he denies that this should inhibit intimacy.

In any case, he points out, there is plenty of information which can be exchanged which is not confidential but which will give investors a clearer view of what is going on and a better opportunity of setting performance targets for management which they can reasonably be expected to meet. And that will be good for all classes of shareholders, not just the big institutional owners.

Mr. Hugh Jenkins, director general of the National Coal Board's pension funds, returned to the same theme in his address to the NAPF conference.

He pointed out that prior to World War II it was fairly common for a major individual shareholder to be consulted from time to time. By listening to his views and keeping him informed, a company gained both the stability of a sympathetic long term holding and an excellent sounding board.

The "core holdings" of today's institutions were comparable to the old long term shareholder situation, and regular dialogue between the company and the core holders could be revived on much the same terms.

Like Lord Carr, Mr. Jenkins recognises that such conversations could block dealings by the institutions involved over what could be very lengthy periods and perhaps over a wide sector of their portfolios if they were consulted by a number of companies during a year.

He would like to see, therefore, a series of rules drawn up governing such conversations and their repercussions, one of which would limit the period for which dealing powers need be suspended.

Institutions — particularly fund managers of high turnover unit trust groups — who wish to retain their flexibility to deal at any time, could simply refuse to join such discussion groups which would, in any case, need to be kept small to avoid "leakage."

The increasing number of speeches and papers which are being devoted to the issue of shareholder relations is evidence both that the subject is important and that a working relationship between the institutions as shareholders and companies has yet to be formulated.

One concept which is currently much favoured as a way of ensuring both that more attention is paid to shareholders and that no group of shareholders gets on more intimate terms with a company than any other, is the non-executive director.

The Institute of Directors has just commissioned a discussion paper on the subject and hopes to come up with specific recommendations within a matter of months. In addition, the Government has promised a full debate in the House when the present Companies Bill gets to the report stage—probably in February.

Several groups are pressing for regulations which will make it compulsory for major companies to have a certain number of non-executive directors on their boards. But the majority of institutions—and the Stock Exchange, for that matter—believe this to be a wrong move. While they approve of the concept and encourage companies to appoint such board members, they believe legislation as such would be counter-productive.

Mr. Ronald Owen, chairman of Prudential, is actively opposed to legislation. Non-executive directors, he says, are worthless if they are not independent. If a company chairman is forced under law to have some on his board he would be tempted to appoint ciphers or sycophants who would do nothing or whom he would promptly ignore.

Short of legislation, therefore, the City believes thst industry needs non-executive directors for their wisdom and advice, and shareholders need them to protect their investments by monitoring performance.

It is a long way, however, from approval of a concept to implementation.

There is the difficulty of identifying potential individuala and of introducing them to companies. The big institutions, already sometimes called upon by companies to nominate directors, are naturally reluctant to take upon themselves the role of matrimonial agencies.

But a more fundamental problem is what non-executive directors should do once appointed. What action can they take if they do uncover something which they feel shareholders should be told about?

They can, of course, lean on the chairman to make a public statement. Failing that they can resign — as Mr. Alfred Singer did at Dalgety when he disapproved of the company's plan to take over Spillers.

The concept of the audit committee—composed of non-executive directors and with a closely-defined function to vet management accounts and report to shareholders—is one way non-executive directors could make themselves heard.

But most commentators think that such a role is too narrow and would in any case lead to non-executive directors being regarded by the executive as snoops and tattle tales. Far better that the board remain unified and able to bring the non-executive directors into full employment.

Furthermore, there is a clear prospect that andit reports would dwindle—like auditors' certificates—into formulae and become less than nseful as indicators of a company's performance.

Apart from audit reports—still only in the discussion stage—there is at present no method or forum through which non-executive directors can air their assessments of performance even in a time of crisis.

Lord Carr believes that two existing bodies could be utilised as a meeting ground between the institutional shareholder and the non-executive directors: the Institutional Shareholders Committee and Equity Capital for Industry, though this was not the primary function of the latter.

He invites discussion as to whether either of these bodies could become a sort of ombudsman's office to whom a non-executiva director could turn for help in raising collective action by institutions over problems for which he can find no other solution.

Even within the Prudential, howevar, this role for ECI is not welcomed. Mr. Ron Artus, joint investment manager of the Prudential, says bluntly that ECI "lack credibility" for such a function. The effectiveness of the ISC is also regarded sceptically in soma quarters. Mr. Graham Titford, investment manager of the BP pension fund, believes it would need considerable modification before it could be used as a court of appeal.

No panacea

But in any case even if a forum can be found for non-executive directors, shareholders csnnot rely upon them as a panacea. However strong a pressure group they may be on a board, the non-executive directors cannot perform in such a way that they absolve shareholders from having to play any personal role in monitoring and criticising management.

There may be occasions when the watchdog itself will need watching.

In all the brouhaha, few are sparing a thought for the traditional forum given to shareholders to quiz their management and assess current trading fortunes—the compulsory annual general meeting.

Most fund managers simply acknowledge that annual meetings today are generally spineless affairs at which a company is confronted by few relevant questions and those it usually parries with anodyne answers which appear to satisfy the meeting.

They even admit that annual meetings have decayed in proportion as institutional shareholdings have risen.

As ona fund manager puts it: "If I have any questions to put to a company I need to ask them long before the annual meeting."

But such replies miss the point. Now, when the role of the institutions as shareholders is being discussed, is the time for a serious study of whether there is any possibility of resuscitating the annual meeting. Discussions about non-executives and the rules governing private contact between institutions and companies should not be allowed completely to overshadow such study.

Institutions clearly do have powers and responsibilities as shareholders and the debate in defining thair role, function and limitations must go on. Solutions will not be easy to find; easy solutions should be avoided. And meanwhile the institutions will increasingly undertake collective action when companies embark on policies and programmes of which they disapprove, thus wielding a power which has not yet been brought under any discipline.

Sir Keith Joseph—a call for a continuing strategic interest in company performance; Lord Carr of Hadley, deputy chairman of Prudential, favouring closer contacts between institutions and companies; Mr. Hugh Jenkins, director general of the NCB's pension funds, proposing a "dialogue"

A copy of this Prospectus, having attached the documents specified below, has been delivered for registration to the Registrar of Companies in England. Application has been made to the Council of The Stock Exchange for Participating Redeemable Preference Shares of Selected Market Trust Limited ("Participating Shares") to be admitted to the Official List.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. All the Directors accept responsibility accordingly.

SELECTED MARKET TRUST LIMITED

S. G. WARBURG & CO. LTD.

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on behalf of the Company

OFFER FOR SUBSCRIPTION

Participating Shares at £10 per share

The Subscription Lists for the Participating Shares now being offered will open at 10.00 a.m. on 22nd November, 1979 and will close on the same day as soon after 10.00 a.m. as the Company may decide.

Directors
DANIEL LAURENT MANUEL SALEM, 105 Mount Street, London W.1. *(French)*
(Chairman)
(Director of S. G. Warburg & Co. International Holdings Ltd.)
EYMERT KLAZINUS den BAKKER, Schiekade 130, Rotterdam, Netherlands. *(Dutch)*
(Chairman of the Executive Board of Nationale-Nederlanden N.V.)
RICHARD OLIVER BERNAYS, 111 Blenheim Crescent, London W.11.
(Director of Warburg Investment Management Limited)
GARETH KIRKHAM du PRE, Beacon Hill, St. Clement, Jersey, Channel Islands.
(Chartered Accountant)
REGINALD ROBERT JEUNE, O.B.E., Langley House, St. Saviour, Jersey, Channel Islands.
(Solicitor of the Royal Court of Jersey)
JOHN S. LEVY, 895 Park Avenue, New York 10021, U.S.A. *(U.S.A.)*
(Director of A. G. Becker Incorporated)
WOLFGANG KURT REUTER, 6380 Bad Homburg v.d.H., Gueldensoellerweg 44, Germany. *(German)*
(President of Union-Investment-Gesellschaft m.b.H.)

Directors *(Continued)*
ANDREW REEVE WALDRON SMITHERS, Higham Hall, Nr. Rochester, Kent.
(Deputy Chairman of Warburg Investment Management Limited)
SERGE VARANGOT, 1 Rue Dumont d'Urville, 75116 Paris, France. *(French)*
(Directeur Général Adjoint of Banque de Paris et des Pays-Bas S.A.)
BURTON JOSEPH WEISS, Grandview Road, Skillman, New Jersey, 08558, U.S.A. *(U.S.A.)*
(Director of Warburg Investment Management International Limited)

Secretary
WILLIAM ERNEST RICHARDSON, A.I.B.

Manager and Registrar
WARBURG INVESTMENT MANAGEMENT JERSEY LIMITED,
7 Library Place, St. Helier, Jersey, Channel Islands.

Investment Adviser
WARBURG INVESTMENT MANAGEMENT LIMITED,
St. Albans House, Goldsmith Street, London, EC2P 2DL.

Bankers
S. G. WARBURG & CO. LTD., 30 Gresham Street, London, EC2P 2EB.
S. G. WARBURG & CO. (JERSEY) LTD., 7 Library Place, St. Helier, Jersey, Channel Islands.
BARCLAYS BANK LIMITED, 13 Library Place, St. Helier, Jersey, Channel Islands.

Receiving Bankers
BARCLAYS BANK LIMITED, New Issues Dept, 2 London Wall Buildings, London, EC2P 2BU.
BARCLAYS BANK LIMITED, 13 Library Place, St. Helier, Jersey, Channel Islands.

Auditors
COOPERS & LYBRAND *(Chartered Accountants)*, La Motte Chambers, St. Helier, Jersey, Channel Islands.

Solicitors
In Jersey: MOURANT du FEU & JEUNE, 16 Hill Street, St. Helier, Jersey, Channel Islands.
In England: LOVELL, WHITE & KING, 21 Holborn Viaduct, London, EC1A 2DY.

Stockbrokers
JAMES CAPEL & CO., Winchester House, 100 Old Broad Street, London, EC2N 1BQ.

Registered Office: 7 Library Place, St. Helier, Jersey, Channel Islands.

INTRODUCTION

The abolition of Exchange Controls provides a new opportunity for United Kingdom investors to diversify their portfolios by investment in overseas markets. The Directors of Selected Market Trust Limited ("the Fund") believe that the Fund provides a convenient means of doing so, combining flexibility to invest on a world-wide basis with the backing of specialised advice.

The Fund was incorporated in Jersey on 16th October, 1979, to provide a means of investing in a managed portfolio of international securities. Up to 2,500,000 1p Participating Redeemable Preference Shares ("Participating Shares") of the Fund are being offered for subscription at £10 per share (inclusive of the preliminary management charge of 25p per share). The Fund has similar open-ended characteristics to a unit trust in that it can issue and redeem its Participating Shares at prices based on its net asset value.

The procedure for application is set out above the application form at the end of this Prospectus. Acceptance of applications will be conditional on listing being granted for Participating Shares by the Council of The Stock Exchange. Dealings are expected to commence on Friday, 23rd November, 1979.

Future subscriptions and redemptions, at prices based on the net asset value of the Fund, will be permitted on Friday, 7th December, 1979, and thereafter normally at regular monthly intervals. Participating Shares will also, subject to listing being granted, be traded on The Stock Exchange.

The Directors consider the Fund suitable for investment both by tax-paying individuals and companies and by approved pension funds and registered charities.

OVERSEAS INVESTMENT

The Directors believe that the abolition of Exchange Controls, and in particular the elimination of the investment currency premium, has reinforced the case for the inclusion of overseas investments in portfolios of residents of the United Kingdom, either directly or through the medium of a vehicle such as the Fund. The faster rate of growth shown by many countries when compared with the United Kingdom gives scope for higher returns to be obtained from international investment. Diversification into foreign markets also avoids the risks inherent in concentrating an entire portfolio in United Kingdom securities. The Fund enables investors to achieve this diversification simply and without involving themselves in the complexities of overseas investment and currency management.

Successful investment in overseas countries requires specialised knowledge and research. The Fund will be well placed in this respect, having available on a day-to-day basis advice from Warburg Investment Management Limited ("the Investment Adviser") on currency management and on investment opportunities in all major overseas markets. It will also be able to rely on the Investment Adviser's experience of the technical problems and characteristics of the markets involved.

In order to be able to respond to investment opportunities as they arise, the Directors will be free to invest the assets of the Fund without restriction either on a geographical or a sector basis (including the United Kingdom fixed interest and equity markets). They will, however, ensure that the investments of the Fund do not exceed the limits stated under "Limits on Investments" below. Investments will be selected in the light of assessments of changing market prospects and currency considerations. The Directors attach great importance to currency management in all its aspects and will hold cash in whatever currencies they consider appropriate.

The Directors will aim to achieve maximum capital appreciation consistent with security, rather than high income yields, but will follow a policy of full distribution of income.

MANAGER AND INVESTMENT ADVISER

Warburg Investment Management Jersey Limited ("the Manager") is resident in Jersey, and has been appointed manager and registrar of the Fund under the terms of a Management Agreement dated 19th October, 1979.

The role of the Manager is to administer the Fund's affairs and to implement the policies laid down by the Board of Directors. The Manager is a wholly-owned subsidiary of the Investment Adviser, which provides investment advice to the Manager under the terms of an Investment Adviser's Agreement dated 19th October, 1979. The Investment Adviser is the principal investment management subsidiary of S. G. Warburg & Co. Ltd., which is a member of the Accepting Houses Committee and has subsidiary or associated companies or representative offices in major financial centres.

The Investment Adviser has funds under management in excess of £1,800 million and is adviser to other funds managed by the Manager, including Common Market Trust Limited, specialising in European securities, and Transatlantic Market Trust Limited, specialising in North American securities.

Further details of the appointments of the Manager and of the Investment Adviser are given under "Material Contracts" below.

CHARGES AND EXPENSES

The Manager will be entitled to a monthly fee at the rate of one twenty-fourth of one per cent. of the net asset value of the Fund (corresponding to ½ per cent. per annum). The Manager will pay the fees of the Investment Adviser and the expenses of issuing this and any further prospectuses.

In addition to the Manager's monthly fee, the Fund will bear its own administrative charges, including audit fees, legal fees, safe custody charges, bank charges, the fees of a custodian, if one is appointed, and Jersey stamp duty on any increase in its authorised capital.

If the Fund invests in the securities of any other fund from which S. G. Warburg & Co. Ltd. or any of its subsidiaries receives a management or advisory fee, the Manager will waive all or part of its own management fee attributable to those securities.

There are no service agreements between any of the Directors and the Fund, but each Director will receive a fee of £1,000 per annum until otherwise determined pursuant to the Articles of Association of the Fund.

The Manager is entitled to a preliminary management charge equal to 25p per Participating Share issued pursuant to this Prospectus and thereafter of up to 2½ per cent. of the subscription price (determined as described under "Subscription and Redemption Prices" below) of each Participating Share issued or transferred to satisfy an application. The preliminary management charge may be reduced for large subscriptions. The Manager may pay commission or reallowance on subscriptions.

DIVIDENDS AND TAXATION

It is the intention of the Directors that all the net income of the Fund will be distributed to the holders of Participating Shares; the Fund will not distribute capital profits by way of dividend. The investment income of the Fund will be received *after deduction of withholding taxes (if any)* in the country of origin.

The Fund will be treated in Jersey as a "Corporation Tax Company" and as such will be subject in Jersey only to Corporation Tax, currently at the flat rate of £300 per annum. There is no withholding tax on distributions by the Fund to any holder of Participating Shares not resident in Jersey for tax purposes. The Fund is not resident in the United Kingdom for tax purposes.

There is no capital gains tax in Jersey, nor are there any taxes upon capital or capital transfers either *inter vivos* or on death. No stamp duty is levied in Jersey on the transfer or redemption of shares in the Fund.

Holders of Participating Shares who are resident in the United Kingdom for tax purposes will, depending on their individual circumstances, be liable to United Kingdom income tax or corporation tax on dividends paid by the Fund. Holders (other than those holding shares as dealing stock, who are subject to different rules) who are resident or ordinarily resident in the United Kingdom will, unless exempt, be liable to United Kingdom capital gains tax or corporation tax in respect of gains arising from the disposal or redemption of Participating Shares.

Participating Shares beneficially owned by persons domiciled outside the United Kingdom are excluded property for the purposes of capital transfer tax (subject to the provisions of Section 45 of the Finance Act 1975, as amended, which treat certain non-domiciled persons as domiciled in the United Kingdom for the purposes of that tax).

Clearance under Section 464 of the Income and Corporation Taxes Act 1970 (which relates to cancellation of tax advantages from certain transactions in securities) has been given by the United Kingdom Board of Inland Revenue in relation to the issue and redemption of Participating Shares.

The Directors have been advised by leading counsel that the provisions of Section 478 of the Income and Corporation Taxes Act 1970, which may, in certain circumstances, render individuals ordinarily resident in the United Kingdom liable to tax, are unlikely to be applied in respect of investments in the Fund.

FUTURE SUBSCRIPTIONS FOR PARTICIPATING SHARES

Participating Shares will be available for subscription on the first business day after each Valuation Day. Applications received by the Manager at 7 Library Place, St. Helier, Jersey, Channel Islands by noon on any Valuation Day will be satisfied at prices based on the net asset value of the Fund on that Valuation Day.

Valuation Days will normally be the first Thursday in each month (or, if that is not a business day, the next following business day).

The minimum amount to be invested will be £1,000, the right being reserved to reject any application or to accept it in part only.

The Manager will be entitled to satisfy applications for the issue of Participating Shares by purchasing and reselling Participating Shares in respect of which a request for redemption has been received.

REDEMPTION OF PARTICIPATING SHARES

Shareholders wishing to redeem their holdings of Participating Shares in whole or in part should send their Share Certificates to the Manager, with the request for redemption on the back duly completed. Provided that notice of redemption is received by noon on any Valuation Day, the shares will be redeemed on the following business day, and a cheque in sterling for the amount payable on redemption will be despatched within fourteen days thereafter. The Fund will not be obliged to satisfy a request for redemption if the holder would thereafter have a balance of less than 100 Participating Shares.

SUBSCRIPTION AND REDEMPTION PRICES

Future subscription prices of Participating Shares will be based on the net asset value of the Fund. This will be calculated on an "offer" or "bid" basis (as explained under "Net Asset Value Per Participating Share" below) dependent on whether, on the relevant Valuation Day, the number of Participating Shares to be issued equals or exceeds the number to be redeemed, or the number to be redeemed exceeds the number to be issued. The amount payable on subscription for each Participating Share will comprise the net asset value per share and any fiscal charges arising from the issue of the share and the documents of title, to which will be added *a preliminary management charge of up to 2½ per cent. to be* received by the Fund on behalf of the Manager, the total being rounded up to the nearest penny.

The redemption price of a Participating Share will be calculated by ascertaining the net asset value per share in the same way as for the calculation of the subscription price and rounding down to the nearest penny any fraction of a penny in the resulting sum.

The subscription and redemption of Participating Shares may be suspended if, for any reason, the Directors are unable to determine the value of the Fund's investments or if it is not reasonably practicable for investments to be sold.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Jersey in January, February or March. In 1981 and subsequent years, at least 21 days' notice being given in writing to shareholders.

INFORMATION FOR SHAREHOLDERS

Shareholders will be sent audited annual accounts (which will be prepared as at the last Valuation Day in November in 1980 and each subsequent year) and unaudited half yearly accounts.

The issue and redemption prices of Participating Shares calculated as at each Valuation Day will be published in the Financial Times. These may differ from the prices quoted on The Stock Exchange, which will also be published in the Financial Times.

FURTHER INFORMATION

ACCOUNTANTS' REPORT

The following is a copy of a report received by the Directors from the Auditors of the Fund:—

Jersey, Channel Islands. 15th November, 1979.

The Directors,
SELECTED MARKET TRUST LIMITED.

Dear Sirs,

Selected Market Trust Limited (the "Fund") was incorporated on 16th October, 1979 and has not yet traded. No accounts of the Fund have been made up and no dividends have been paid.

Yours faithfully,
COOPERS & LYBRAND,
Chartered Accountants.

SHARE CAPITAL

The Fund was incorporated with limited liability on 16th October, 1979 under the provisions of the Companies (Jersey) Laws, 1861 to 1968 with an authorised share capital of £100,100 divided into 100 Founders' Shares of £1 each and 10,000,000 Unclassified Shares of 1p each, available for issue either as Participating Shares or as Non-Participating Redeemable Second Preference Shares ("Second Preference Shares").

The Founders' Shares were created because, under Jersey law, the Participating Shares must have a preference over another class of capital in order to be redeemable. Nine Founders' Shares of £1 each were taken up for cash at par by the subscribers of the Memorandum of Association of the Fund as nominees for S. G. Warburg & Co. (Jersey) Ltd., which on 19th October, 1979 subscribed in cash at par for the remaining 91 Founders' Shares of £1 each.

Only Participating Shares carry the right to dividends. In a winding-up they carry a preferential right to repayment of the amount paid up on them in priority to any payment in respect of shares of any other class, and the further right to have distributed among their holders all surplus assets available for distribution to shareholders, after repayment of the amounts paid up on the Founders' Shares and the Second Preference Shares.

Second Preference Shares will be issued only on the redemption of Participating Shares, and will rank on a winding-up for repayment of the amount paid up on them after repayment of the amount paid up on the Participating Shares, but before any repayment on any other class of shares. Second Preference Shares will be issued for cash at par to the Manager on the basis of one Second Preference Share for each Participating Share redeemed, thereby ensuring that funds are available to redeem the 1p paid up on each Participating Share. The balance of moneys payable on redemption of Participating Shares will be paid out of share premium account or out of profits, including capital surpluses. Second Preference Shares are redeemable at par at the option of the Fund, or may be converted into Participating Shares on payment of the premium applicable to the Participating Shares into which they are converted.

All shares confer the right to attend General Meetings. On a poll, holders of Participating Shares and Founders' Shares are entitled to one vote per share; a holder of Second Preference Shares is entitled to one vote in respect of his holding of Second Preference Shares.

The Fund may increase its authorised share capital with the sanction of a Special Resolution.

Any Participating Shares or Second Preference Shares not previously redeemed will be redeemed on 31st October, 2059.

NET ASSET VALUE PER PARTICIPATING SHARE

As explained above under "Subscription and Redemption Prices", the net asset value per Participating Share is calculated on an offer basis when the number of Participating Shares to be issued equals or exceeds the number to be redeemed, and on a bid basis when the number to be redeemed exceeds the number to be issued. Where the offer basis is used, the assets of the Fund will be valued as if they were being acquired on that Valuation Day and an addition will be made to reflect the fiscal charges and purchase costs which would be incurred in so acquiring the assets of the Fund. When the bid basis is used, the assets of the Fund will be valued as if they were being realised on that Valuation Day and a deduction will be made to reflect the fiscal charges and realisation costs which would be incurred in so realising the assets of the Fund. In both cases there will be deducted the liabilities of the Fund and the amounts paid up on the Founders' Shares and Second Preference Shares, and the resulting sum will be divided by the number of Participating Shares in issue to determine the net asset value per Participating Share.

ARTICLES OF ASSOCIATION

The Articles of Association of the Fund contain, *inter alia*, provisions to the following effect:

(1) The rights attached to any class of shares (unless otherwise provided by their terms of issue) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate General Meeting of the holders of the shares of that class by a majority of three-fourths of the votes cast at such meeting.

(2) The rights attached to the Participating Shares shall be deemed to be varied by any variation of the rights attached to shares of any other class or by the issue of any shares other than as Founders' Shares, Participating Shares or Second Preference Shares.

(3) Subject to (2) above, the rights conferred upon the holders of the shares of any class issued with preferred or other special rights shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(4) Any Director may act in a professional capacity for the Fund (other than as Auditor) and shall be entitled to remuneration for such professional services. A Director may also hold any other office or place of profit under the Fund or under any other company in which the Fund may be interested.

(5) A Director may contract with the Fund, and no contract or arrangement made by the Fund in which any Director is in any way interested shall be liable to be avoided.

(6) *A Director may not vote in respect of any contract or arrangement in which he is interested, nor may he be counted in a quorum, except in certain special cases (as set out in the Articles).*

(7) Any Director may continue to be or become an officer or member of any other company in which the Fund may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him therefor.

(8) A majority of Directors may not be resident in Jersey. The quorum for a meeting of the Directors is three, but Directors resident in Jersey present at any meeting of the Directors must be less than the number required for a quorum.

(9) A business day is defined as any day normally treated as such in Jersey on which The Stock Exchange is open for business in London.

(10) The Directors may make offers for limited periods of Participating Shares at a fixed price, so long as the subscription price, calculated on an offer basis immediately prior to allotment, does not vary by more than 2½ per cent. from the fixed price. It is not intended to use this power while Participating Shares are listed on The Stock Exchange.

A Director does not require a share qualification, and there are no provisions requiring Directors to retire at any specified age.

BORROWINGS

The Articles of Association of the Fund require the Directors, unless otherwise authorised by the Fund in General Meeting, to restrict any borrowings by the Fund and its subsidiaries, if any, so that total borrowings excluding any intra-group borrowings, do not exceed three times the aggregate of the capital and consolidated reserves of the Fund and its subsidiaries, if any.

Save as disclosed herein, the Fund has not at the date hereof any loan capital outstanding, or created but unissued, any mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments or guarantees, or other material contingent liabilities.

LIMITS ON INVESTMENTS

In exercising their investment powers, the Directors will ensure that:—

(i) the total amount invested in any one company by the Fund and any subsidiaries does not exceed 10 per cent. of the aggregate value of their assets, except in the case of investment in another investment trust which is either approved by the Inland Revenue or would qualify for approval if it were resident in the United Kingdom and its shares were listed on a recognised stock exchange, and

(ii) not more than 15 per cent. of the said aggregate is invested in unlisted securities and/or in holdings exceeding 20 per cent. of the equity share capital of any listed company (other than an investment trust as described in (i) above).

MATERIAL CONTRACTS

The following contracts have been entered into since incorporation of the Fund otherwise than in the ordinary course of business and are or may be material:—

(1) Dated 19th October, 1979 between the Fund and the Manager, appointing the latter manager and registrar of the Fund for five years, and thereafter unless and until terminated by one year's notice on either side, in consideration for *preliminary management charges and monthly fees as specified above under "Charges and Expenses".*

(2) Dated 19th October, 1979 between the Manager, the Investment Adviser and the Fund, appointing the Investment Adviser investment adviser to the Manager in relation to the affairs of the Fund for five years, and thereafter unless and *until terminated by one year's notice on either side.*

INFORMATION ON DIRECTORS

Mr. D. L. M. Salem is a Director of S. G. Warburg & Co. International Holdings Ltd.
Mr. E. K. den Bakker is Chairman of the Executive Board of Nationale-Nederlanden N.V.
Mr. R. O. Bernays is a Director of Warburg Investment Management Limited, Warburg Investment Management Jersey Limited and S. G. Warburg & Co. Ltd.
Mr. G. K. du Pré is a Chartered Accountant and was formerly the Financial Director of Gillette Industries Limited.
Mr. R. R. Jeune is a partner of Mourant du Feu & Jeune, Solicitors in Jersey to the Fund, which firm will be receiving a fee for their services. He is a Director of Warburg Investment Management Jersey Limited.
Mr. J. S. Levy is a Director of A. G. Becker Incorporated.
Mr. W. K. Reuter is President of Union-Investment-Gesellschaft m.b.H., which manages a leading group of mutual funds in Germany. He is also Chairman of the Board of the German Investment Fund Association.
Mr. A. R. W. Smithers is a Deputy Chairman of Warburg Investment Management Limited, Chairman of Warburg Investment Management Jersey Limited, and a Director of S. G. Warburg & Co. Ltd.
Mr. S. Varangot is a Directeur Général Adjoint of Banque de Paris et des Pays-Bas S.A.
Mr. B. J. Weiss is a Director of Warburg Investment Management International Limited. He is also a Director of A.G. Becker Incorporated.
Except for Mr. R. O. Bernays, all the above Directors are also Directors of Common Market Trust Limited and Transatlantic Market Trust Limited, and Mr. R. O. Bernays, Mr. G. K. du Pré and Mr. R. R. Jeune are Directors of S. G. Warburg & Co. (Jersey) Ltd.
The only interests of the Directors of the Fund and of their families in the shares of 25p each of Mercury Securities Ltd. (the ultimate holding company of S. G. Warburg & Co. Ltd., S. G. Warburg & Co. (Jersey) Ltd., the Manager and the Investment Adviser) are as follows:—

	Beneficial fully paid	*Beneficial* 5p paid	options	*Non beneficial* fully paid
Mr. R. O. Bernays	1,326	—	30,000	—
Mr. R. R. Jeune	—	—	—	1,271,663
Mr. A. R. W. Smithers	5,377	30,000	—	—

At the date of this Prospectus the issued share capital of Mercury Securities Ltd. comprises 42,575,493 fully paid shares of 25p each and 607,600 shares of 25p each, 5p paid.

GENERAL

The Fund commenced business on 19th October, 1979. It has not established a place of *business in Great Britain.*

The Fund previously issued a Prospectus dated 22nd October, 1979, offering up to 1,000,000 Participating Shares at £10 per share (inclusive of the preliminary management charge of 25p per share). Following the abolition of United Kingdom Exchange Controls on 23rd October, 1979, the Directors of the Fund determined that a public offer of *Participating Shares and their listing on The Stock Exchange should be arranged at the* earliest practical opportunity. All persons to whom the original Prospectus was sent were sent notice of the changed position and of the proposed issue of this Prospectus. The subscription lists for both Prospectuses will close at the same time.

The minimum amount which, in the opinion of the Directors, must be raised by the issue of Participating Shares pursuant to this Prospectus and the original Prospectus in order to provide the sums required in respect of the matters specified in paragraph 4 of the Fourth Schedule to the Companies Act 1948 of Great Britain is £1,009,000 to provide for £9,000 preliminary expenses and £1,000,000 working capital. The preliminary expenses are payable by the Fund and will be amortised over five years from the date of *incorporation of the Fund. The expenses of the issue of the original Prospectus, estimated* at £9,750, and of this Prospectus, estimated at £60,000, are both payable by the Manager.

Save as disclosed herein:—

(i) no founders' or management or deferred shares have been issued, and the Fund has not issued and does not propose to issue any share or loan capital;
(ii) *no commissions, discounts, brokerages or other special terms have been* granted by the Fund in connection with the issue or sale of any capital of the Fund;
(iii) no shares of the Fund are under option or agreed conditionally or unconditionally to be put under option;
(iv) no amount has been paid or is payable in cash, shares or debentures as purchase money for goodwill;
(v) no amount or benefit has been paid or given to any promoter;
(vi) there are no contracts of significance in relation to the Fund in which any Director has or has had a material interest; and
(vii) no assets have been acquired or disposed of by or leased to the Fund or are proposed to be acquired or disposed of by or leased to the Fund in which any Director has or has had a material interest.

No litigation or claims are pending or threatened against the Fund. The Fund has no subsidiaries.

The Fund has been promoted by S. G. Warburg & Co. Ltd., the Manager and the Investment Adviser. The Investment Adviser will receive (under contract (2) above) remuneration from the Manager for its services as investment adviser. S. G. Warburg & Co. Ltd. will receive a fee from the Manager for its services in connection with the offer made by this Prospectus and will receive normal commissions when it acts as agent in connection with the purchase and sale of securities by the Fund, and derive other financial benefits from acting as banker to the Fund and from the purchase and sale of securities from and to the Fund in the ordinary course of business. S. G. Warburg & Co. (Jersey) Ltd. will similarly derive benefits from acting as banker to the Fund.

The Manager will receive (under contract (1) above) preliminary management charges and a monthly fee. It may profit from buying and selling or redeeming Participating Shares.

The remuneration of the Manager may not be increased without a resolution of the Fund in General Meeting.

Coopers & Lybrand have given, and have not withdrawn, their written consent to the issue of this Prospectus with the inclusion therein of a copy of their report in the form and context in which it appears.

Leading counsel has given and not withdrawn his written consent to the issue of this Prospectus with the inclusion therein of the reference to his advice in connection with the *application of Section 478 of the Income and Corporation Taxes Act 1970 in the form* and context in which it appears.

The provisions of Sections 50 and 51 of the Companies Act 1948 of Great Britain (so far as applicable having regard to Section 419 of that Act) shall apply to this issue.

The consent of the Finance and Economics Committee of the States of Jersey has been obtained to the issue of *10,000,000 Participating Shares. The Advisory and Finance* Committee of the States of Guernsey has consented to the raising in Guernsey of up to £500,000 by the issue of Participating Shares. It must be distinctly understood that in giving these consents neither of the Committees takes any responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them. *The consent of the Finance and Economics Committee* of the States of Jersey contains conditions that the Fund will appoint a custodian to hold the assets of the Fund if so required and that there shall be no change in the appointment of the manager and registrar or of the investment adviser without the prior consent of the Commercial Relations Officer.

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in England for registration were the above-mentioned written consents and copies of the material contracts referred to above.

Copies of the following documents may be inspected at the offices of Mourant du Feu & Jeune, 16 Hill Street, St. Helier, Jersey, Channel Islands, and Lovell, White & King, 21 Holborn Viaduct, London, EC1A 2DY during normal business hours on any weekday (Saturdays excepted) until 3rd December, 1979:—

(1) the Memorandum and Articles of Association of the Fund;
(2) the original Prospectus of the Fund dated 22nd October, 1979;
(3) the material contracts referred to above;
(4) the Accountants' Report;
(5) the above-mentioned written consents; and
(6) a compilation of the Companies (Jersey) Laws, 1861 to 1968.

16th November, 1979.

HOW TO APPLY FOR PARTICIPATING SHARES

In order for an application to be acceptable the applicant should ensure that an application form, accompanied by a sterling cheque in favour of Selected Market Trust Limited for the full amount payable on application, *drawn on a bank in the United Kingdom or Jersey*, is received by Barclays Bank Limited either at New Issues Department, 2 London Wall Buildings, London, EC2P 2BU or at P.O. Box 8, 13 Library Place, St. Helier, Jersey, Channel Islands **not later than 10.00 a.m. on Thursday 22nd November, 1979.**

Applications will be dealt with in order of receipt but the right is reserved to reject any application or to accept any application in part only, and acceptance is conditional on the Council of The Stock Exchange admitting to the Official List on or before 13th December, 1979 all Participating Shares to be issued by the Fund pursuant to this Prospectus. Moneys paid in respect of applications will be returned if that condition is not fulfilled by that date and in the meantime will be retained by Barclays Bank Limited in a separate account. No receipt will be issued for the payment on application. If any application is not accepted or is accepted for fewer Participating Shares than the number applied for, the application moneys or the balance thereof, as appropriate, will be returned. Any money which is returnable to any applicant will be sent through the post at his risk by a cheque drawn on a London bank within seven days of the closing of the subscription lists. Share Certificates will be despatched within fourteen days after allotment.

The Subscription Lists will open at 10.00 a.m. on 22nd November, 1979 and will close on the same day as soon after 10.00 a.m. as the Fund may decide.

SELECTED MARKET TRUST LIMITED
("the Fund")
(A company limited by shares and incorporated in Jersey under the Companies (Jersey) Laws, 1861 to 1968)

S. G. WARBURG & CO. LTD.
on behalf of the Fund
Offers for Subscription up to 2,500,000 Participating Redeemable Preference Shares of 1p each at £10 per Share (inclusive of a preliminary management charge payable to the Manager, Warburg Investment Management Jersey Limited, of 25p per Share) payable in full on application.

APPLICATION FORM

To: SELECTED MARKET TRUST LIMITED
★Applications must be for multiples of 100 Shares

Number of Shares for which application is made ★	Amount payable in full on application
	£

I/We apply for the stated number ★ of Participating Redeemable Preference Shares of 1p each of the Fund, and I/we agree to accept the same or any smaller number of Shares in respect of which this application may be accepted upon the terms of your Prospectus dated 16th November, 1979 and subject to the Memorandum and Articles of Association of the Fund.

I/We hereby request you to enter my/our names in the Register of Members in respect of the number of Shares for which this application is accepted and authorise you to send the Share Certificate, together with a cheque for any moneys returnable, by post at my/our risk.

†I/We declare that I am/we are not resident in Jersey for tax purposes.

Date .... 1979 .... *Signature*

(IN THE CASE OF A CORPORATION, THE SIGNATORY SHOULD STATE HIS REPRESENTATIVE CAPACITY).

PLEASE USE BLOCK LETTERS
Name of Company ▶ .... ◀ Forename(s) (in full)
.... ◀ Surname and designation (Mr., Mrs., Miss, Ms. or Title)
Address (in full) ▶ .... ◀ Address (in full)

(In the case of Joint Applications further applicants must sign below)

2. Forename(s) (in full) .... *Signature*
Surname .... *Address (in full)* ....
Mr., Mrs., Miss, Ms. or Title ....

3. Forename(s) (in full) .... *Signature*
Surname .... *Address (in full)* ....
Mr., Mrs., Miss, Ms. or Title ....

4. Forename(s) (in full) .... *Signature*
Surname .... *Address (in full)* ....
Mr., Mrs., Miss, Ms. or Title ....

A corporation should complete under hand by a duly authorized officer who should state his representative capacity.

This form when completed should be sent, together with a cheque in favour of Selected Market Trust Limited, for the full amount payable on application, to Barclays Bank Limited either at New Issues Department, 2 London Wall Buildings, London, EC2P 2BU or at P.O. Box 8, 13 Library Place, St. Helier, Jersey, Channel Islands.

†Delete if inapplicable.

FOR OFFICE USE ONLY
1. Application No.
2. No. of shares accepted
3. Amount received on application £
4. Amount payable on shares accepted £
5. Amount returned £
6. Cheque No.
7. Certificate No.

Copies of this Prospectus, incorporating Application Forms, may be obtained from—
S. G. Warburg & Co. Ltd., 30 Gresham Street, London, EC2P 2EB.
S. G. Warburg & Co. (Jersey) Ltd., 7 Library Place, St. Helier, Jersey, Channel Islands.
Barclays Bank Limited, New Issues Department, 2 London Wall Buildings, London, EC2P 2BU.
Barclays Bank Limited, P.O. Box 8, 13 Library Place, St. Helier, Jersey, Channel Islands.
James Capel & Co., Winchester House, 100 Old Broad Street, London, EC2N 1BQ.

Applications should be for a minimum of 100 Participating Shares, be made in accordance with the instructions above, and be received by 10.00 a.m. on 22nd November, 1979.

Stock Exchange dealings

Thursday, November 15	19,350
Wednesday, November 14	16,876
Tuesday, November 13	19,817
Monday, November 12	17,463
Friday, November 9	16,392
Thursday, November 8	17,911

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days; these are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ● Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Mx—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (698)

[illegible]

SHORT DATED BONDS FREE OF STAMP DUTY

[illegible]

PUBLIC BOARDS (16)

[illegible]

COMMONWLTH. GOVTS. (11)

[illegible]

FOREIGN STOCKS (5)

[illegible]

FOREIGN CORPS. (6)

[illegible]

INT. BANK STOCK

FREE OF STAMP DUTY

5pc stk. 1977-82 80½ (12/11)

CORPORATIONS (35)

FREE OF STAMP DUTY

London County 3pc 21. 5pc 76¼ ¾. 5½pc 1977-81 84½. 5½pc 1985-87 61 (13/11). 6¾pc 63¾ (12/11). Corpn. of London 7½pc 86¾ (9/11). 9½pc 83 (9/11). 9½pc 98¾ (12/11). 13½pc 94 47-64ths ¾ (13/11). Greater London 6¾pc 57⅞ 8. 7¾pc 87.

BANKS (90)

[illegible]

Hill Samuel Grp. (25p) 88 7 (13/11)
Hongkong Shanghai ($HK2.50) 149● 50 6 5
Jessel Toynbee (25p) 58
Joseph (Leopold) Hldgs. 135 (12/11)
Keyser Ullmann Hldgs. (25p) 55 ½
King Shaxson (20p) 56 7 (13/11)
Kleinwort Benson Lonsdale (25p) 114 (13/11). 5pcPf. 55●
Lloyds 275 3 79. Do. 7½pcUnsec.Ln. 65½● ½
Mercury Secs. (25p) 131
Midland 320 2 18. 10¾pcUnsec.Ln. 60¼ (13/11). 7½pcUnsec.Ln. 70½● 1½ 70½
Minister Assets (25p) 45½ (14/11)

BREWERIES (103)

[illegible]

COMMERCIAL (1,808)

A—B

[illegible]

46¼ (13/11). 7¾pcLn 53½
Brooke Tool Engineering (Hldgs.) (25p) 36 (14/11)
Brotherhood (Peter) (50p) 64 (9/11)
Brown and Jackson (20p) 156● 7
Brown and Tawse (25p) 121●
Brown Boveri Kent (Hldgs.) (25p) 44 3 (14/11)
Brown Bros. Corp. (10p) 25¼ (14/11)
Brown (John) (25p) 62 59 8 5 7 80¼ (14/11). 6½pcDb. 80¼‡● 77¾‡●. 5¾pcLn 38 (12/11)
Brownlee (25p) 93 (12/11)
Brunning Group (25p) 40 (14/11)
Bryant Holdings (25p) 54
Bulgin (A.F.) (5p) 35●. A Non-V. (5p) 23½

[illegible]

C—D

[illegible]

De Vere Hotels and Restrts. (25p) 197 (12/11)
Debenhams (25p) 87 4. 11pcLn. 84½ (13/11)
Decca (25p) 305 (14/11). A (25p) 275 (13/11). 25pcPf 41 (9/11)
Delson (10p) 28 (12/11)
Delta Metal (25p) 53½● 4● 3 ½ 4. 7¾pc Db. 60½●. 10¼pcDb. 75●
Denbyware (25p) 118
Dentsply SpcLn. 73¼ ½ (13/11)
Desoutter Bros. (Hldgs.) (25p) 104 (13/11)
Dewhirst (I. J.) (Hldgs.) (10p) 89 (12/11)
Dewhurst Dent (20p) 29½ (12/11)
Diamond Styles (10p) 18 (8/11)
Dickinson Robinson Group (25p) 87● 80 7½ 6 7. 7¾pcLn. 82½ (13/11)

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

ELEC. LIGHTING & POWER

[illegible]

FINANCIAL TRUSTS (37)

[illegible]

GAS (9)

[illegible]

INSURANCE (97)

[illegible]

INVESTMENT TRUSTS (91)

[illegible]

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP "NEW"	25p	9	157	+ 3	166	150
Shell Transport...	25p	9	328	+ 2	402	278
GEC	25p	8	320	+ 7	456	311
ICI	£1	8	329	+ 6	415	314
Lands Secs.	50p	8	245	+ 2	323	241
Ultramar	25p	8	368	+10	396	197
Ladbroke	10p	7	142	− 4	243	142
Thorn Electrical	25p	7	304	−10	482	302
Beecham	25p	6	124	—	189	122
Cons. Gold Fields	25p	6	332	+ 6	335	178
EMI	50p	6	135	+ 2	147	81
Grand Met.	50p	6	125	—	178½	110½
Lloyds Bank	£1	6	276	+ 4	360	268
Marks & Spencer	25p	6	83	− 1	134	83
Woolworth (F.W.)	25p	6	56½	—	87	56

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1979 high	1979 low
BP "New"	25p	67	157	+ 2*	166	150
ICI	£1	50	329	− 1	415	314
Shell Transport...	25p	49	328	− 4	402	278
Cons. Gold Fields	25p	44	332	+10	335	178
GEC	25p	40	320	+ 1	456	311
Ultramar	25p	36	368	+ 8	396	197
LASMO	25p	35	326	+ 8	340	124
Tricentrol	25p	35	232	− 8	266	148
BAT Inds.	25p	34	248	− 5	362	243
Racal Electronics	25p	33	214	+ 4	276	168½
Marks & Spencer	25p	32	83	− 4	134	83
Beecham	25p	31	124	− 3	189	122
Midland Bank ...	£1	31	322	− 6	455	314
Dunlop	50p	30	44	− 3	80	43
European Ferries	25p	29	96	+ 3	183	92

* Change based on Monday's opening price.

UNIT TRUST AND INSURANCE OFFERS

هكذا من الأصل

APPOINTMENTS

Board posts at Brown Brothers

Five appointments have been made to the board of BROWN BROTHERS LIMITED, a subsidiary of Brown Brothers Corporation. They are Mr. R. E. Alden, Mr. S. J. Ball (marketing), Mr. B. D. Ferguson (branch), Mr. M. J. Matthews (development) and Mr. R. S. Temple (sales).

★

Mr. I. J. S. Henderson, deputy general manager of the SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY, takes over the additional position of actuary from January 1, 1980. Mr. A. M. Robertson, general manager and actuary, is to relinquish his appointment as actuary to devote his full attention to the post of general manager. The change reflects the increase in pensions business and the need for the actuary to embrace this. Mr. Henderson will then be responsible for the Society's pensions and ordinary life business. Also from the beginning of next year, Mr. R. B. Howarth, Mr. W. W. Park and Mr. D. A. Berridge, will become assistant general managers. Mr. Howarth is to head the marketing team. Mr. Park continues as secretary and be in charge of administration, and Mr. Berridge will control investments, including property, and accounts. Mr. J. G. Elliott is to be pensions manager, and Mr. W. H. Lawson marketing manager.

★

Mr. Jonathan Kaufmann has been appointed marketing director of CAPE INSULATION SERVICES, a subsidiary of Cape Industries. For the past three years he has been corporate planning manager.

★

Mr. N. D. Lobanov has been appointed a senior vice president of INTERNATIONAL RESOURCES AND FINANCE BANK (IRFB). His activities will include the direction of the Middle East and African banking business. He was formerly vice president planning and marketing for the Europe and Africa division of the Wells Fargo Bank.

★

Mr. Peter E. Branscombe has been appointed managing director of MUSTANG CARAVANS, a member company of the Butterfield Harvey Group.

★

Mr. Fred E. Krause has been named directors of polyvinyl chloride (PVC) projects for B. F. GOODRICH CHEMICAL GROUP, Cleveland, Ohio. The directorship is a new position, created in conjunction with recently announced expansion plans for PVC production facilities. He had been director of plastics research and development since 1976.

★

Mr. William M. McCormick has been appointed president of the travel division of AMERICAN EXPRESS COMPANY from December 1, and will be based in New York. Mr. Fred D. Petera, president of the travel division since 1973, moves to the new post of vice-chairman.

★

The HAMMERSON PROPERTY AND INVESTMENT TRUST states that following the retirement of Mr. David W. A. Donald as general manager of the Standard Life Assurance Company, Mr. George D. Gwilt, general manager of Standard Life Assurance, has joined the Hammerson Board as an additional director. Mr. David W. A. Donald remains on that Board.

هكذا من الأصل

RUBBER (12)

UK RAILWAYS (3)

FOREIGN RAILWAYS (1)

SHIPPING (30)

West African (—)

Diamond (4)

OIL (271)

TEA (2)

CANALS (1)

WATERWORKS (3)

PROPERTY (92)

UNIT TRUSTS (10)

MINES—Australian (3)

Miscellaneous (55)

Rhodesian (5)

South African (49)

NOVEMBER 13

NOVEMBER 14

NOVEMBER 12

NOVEMBER 9

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

NOVEMBER 15

NOVEMBER 14

NOVEMBER 13

NOVEMBER 12

NOVEMBER 9

By permission of the Stock Exchange Council

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

NOVEMBER 15

NOVEMBER 14

NOVEMBER 13

NOVEMBER 12

NOVEMBER 9

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

NOVEMBER 15

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley (0226 203232)	14	½-year	250	3
Bradford (0274 29577)	12¼	½-year	500	3
Hampshire (0962 4411)	12¼	½-year	500	1-3
Knowsley (051 548 6555)	13¼	½-year	1,000	1
Poole (02013 5151)	12¼	½-year	500	3-4
Poole (02013 5151)	12¼	½-year	500	5
Poole (02013 5151)	13	½-year	500	6-7
Redbridge (01-478 3020)	12¼	½-year	200	4
Wrekin (0952 505051)	16	maturity	5,000	1-2mths.

BUILDING SOCIETY RATES

	Deposit rate	Share accounts	Sub'pn shares	*Term shares
	%	%	%	%
Abbey National	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Aid to Thrift	9.25	9.50	—	—
Alliance	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Anglia Hastings and Thanet	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Bradford and Bingley	8.50	8.75	10.25	10.76 5 yrs., 10.25 4 yrs., 8.85 2½ yrs.
Bridgwater	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Bristol and West	8.50	8.75	10.00	—
Bristol Economic	8.50	8.75	10.00	9.00 3 months' notice
Britannia	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Burnley	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Cardiff	9.00	9.25	10.25	—
Catholic	8.20	●8.90	9.80	— ● 8.10 over £5,000
Chelsea	8.50	8.75	10.00	10.75 5 yrs., 9.80 6 mths., 9.25 3 mths.
Cheltenham and Gloucester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Cheltenham and Gloucester	—	■9.75	—	— ■ Premium shares including 1.00 bonus p.a. (£15,000 only)
Citizens Regency	8.50	9.10	10.30	10.85 5 yrs., 10.60 4 yrs., 10.13 3 yrs.
City of London (The)	9.00	9.10	10.10	10.15 3-yr. increment share withdrbl.
Coventry Economic	8.50	8.75	10.00	10.25 4 yrs., 8.75 3 yrs., 9.25 3 mth. not.
Coventry Provident	8.50	8.75	10.00	10.25 4 yrs., 10.00 3 yrs., 9.60 2 yrs.
Derbyshire	8.50	8.75	10.00	9.35 3 months' notice
Ealing and Acton	8.50	8.75	10.00	9.90 2 years, £2,000 minimum
Gateway	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Greenwich	5.45	8.85	10.00	10.75 5 yrs., 10.35 4 yrs., 9.85 3 yrs.
Guardian	8.50	9.00	—	10.00 3 months, £1,000 minimum
Halifax	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Heart of England	8.50	8.75	10.00	9.75 5 yrs., 8.25 3 months' notice
Hearts of Oak and Enfield	8.50	9.00	10.50	10.25 4 yrs., 10.00 3 yrs., 9.75 2 yrs.
Hendon	8.75	8.25	—	10.25 6 months, minimum £2,000
Huddersfield and Bradford	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Lambeth	8.50	8.80	10.50	9.80 3 months' notice £250-£10,000
Leamington Spa	8.60	8.85	11.93	10.80 5 yrs., 10.55 4 yrs., 10.15 3 yrs.
Leeds Permanent	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Leicester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Liverpool	8.50	8.75	10.20	10.75 5 years, minimum £1,000
London Goldhawk	8.50	†8.25	†10.50	†10.00 4 years, †8.75 1 year
Melton Mowbray	8.50	8.75	10.00	10.35 4 years, 8.60 2 years
Mornington	9.00	9.50	—	—
National Counties	8.75	9.05	10.05	10.15 6 mths., 9.50 3 mths., min. £1,000
Nationwide	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Newcastle Permanent	8.50	8.75	10.05	10.75 4 yrs., 10.05 3 yrs., 9.75 2 yrs.
New Cross	9.25	9.50	—	—
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 8.75 3 yrs.
Norwich	8.50	8.75	10.25	9.75 3 yrs., 9.50 2 yrs., minimum £500
Paddington	8.50	9.25	10.88	10.00 8 months, 9.75 3 months
Peckham Mutual	8.75	9.50	—	—
Portman	8.50	8.75	10.00	10.75 5 yrs., 8.80 6 months' notice
Principality	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Property Owners	8.50	8.75	10.50	8.75 3 months' notice
Provincial	8.50	8.25	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Skipton	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 8.76 3 yrs.
Sussex Mutual	8.75	8.10	10.75	8.50-10.75 all with special options
Town and Country	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Walthamstow	8.50	8.85	9.95	10.85 5 yrs., 9.85 8 months min. £500
Wessex	8.75	9.25	—	10.25 6 mths. not. WDL min. 3 yrs.
Woolwich	8.60	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.

† Includes 0.25% Centenary Bonus throughout 1979.

All these rates are after basic-rate tax liability has been settled on behalf of the investor.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

The Treasury bill rate rose by 1.4262 per cent at yesterday's fixing to 16.1843 per cent, and the minimum accepted bid was £95.98¼ compared with £96.32 previously. Bids at that level were met as to about 24 per cent. The £300m bills on offer attracted bids of £1,554.71m and all bills offered were allotted. Next week a further £300m will be on offer replacing a similar amount of maturities.

Day to day credit appeared to be in short supply in the money market, and the authorities bought a small amount of Treasury bills from the discount houses. The latter were paying 15-17 per cent for secured call loans at the start, but closing balances were taken as low as 8 per cent with smaller sums quoted quoted even lower.

The market was faced with a small increase in the note circulation and funds were drained in respect of Thursday's gilt sales. On the other hand banks brought forward balances a moderate way above target.

Rates in the table below are nominal in some cases.

EXCHANGES AND BULLION

Sterling rose in currency markets yesterday, gaining strength from Thursday's increase in MLR to a record 17 per cent. On a trade weighted basis, its index rose to 69.4 from 68.9, having stood at 69.1 at noon and 68.9 in the morning. Against the dollar it opened at $2.1450 and rose to $2.1500, but there may have been some support for the U.S. unit and the pound eased to $2.1450 soon after midday. Later in the afternoon, the dollar started to look very weak and sterling rose sharply to touch a best level of $2.1700 before closing at $2.1580-2.1600.

Trading was extremely thin during the afternoon as the market was unsettled by developments in Iran and the U.S. currency was quoted for most of the afternoon on half cent spreads. The dollar fell against the D-mark to DM 1.7770 from DM 1.7830 and to SwFr 1.6460 from SwFr 1.6560 in terms of the Swiss franc. The U.S. unit was also slightly weaker against the Japanese yen at Y246.40 compared with Y246.80. On Bank of England figures, the dollar's trade weighted index fell from 87.2 to 86.9.

Gold rose $6¼ an ounce to $390-391 with part of the upturn seen as a reaction to Iran's threat to refuse future oil payments in U.S. dollars.

THE POUND SPOT AND FORWARD

Nov. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1400-2.1700	2.1580-2.1600	0.57-0.47c pm	2.89	1.0-0.90 pm	1.76
Canada	2.5275-2.5575	2.5505-2.5525	0.88-0.78c pm	3.90	1.85-1.75 pm	2.82
Nethlnd.	4.24-4.29	4.26¾-4.27¾	3-2c pm	7.02	7¼-6¼ pm	9.20
Belgium	61.70-62.40	61.95-62.05	22-12c pm	3.29	45-35 pm	2.58
Denmark	11.27-11.36	11.33-11.35	¼-2¾ore dis	−1.85	4¼-9¼ dis	−1.85
Ireland	1.0305-1.0375	1.0335-1.0345	0.05-0.15p dis	−1.16	0.22-0.32dis	−1.04
W. Ger.	3.81-3.85	3.83¼-3.84¼	3¾-2¾pf pm	9.77	8¾-7¾ pm	9.21
Portugal	108.50-109.20	108.85-109.15	par-80c dis	−4.40	35-185 dis	−4.04
Spain	142.45-143.90	143.40-143.50	par-50c dis	−2.09	115-125 dis	−3.35
Italy	1,774-1,789	1,786½-1,788½	1¾ lire pm-½ dis	0.50	3¼-5¼ dis	−0.95
Norway	10.79-10.90	10.84-10.85	4½-2½ore pm	3.87	10¼-8¾ pm	3.41
France	9.94-9.01	8.98¾-9.99¾	3¾-2¾c pm	4.34	6¾-5¾ pm	2.78
Sweden	9.07-9.15	9.13¾-9.14¾	4-2ore pm	3.94	9½-7½ pm	3.72
Japan	527-535	531½-532½	4.40-4.00y pm	9.47	12.0-11.60 pm	8.87
Austria	27.42-27.67	27.50-27.55	25-15gro pm	8.72	65-55 pm	8.72
Switz.	3.53-3.57	3.55-3.59	4¾-3¾c pm	13.92	11¾-10¾ pm	12.24

Belgian rate is for convertible francs. Financial franc 63.15-63.25. Six-month forward dollar 1.67-1.57c pm, 12-month 3.60-3.45c pm.

OTHER MARKETS

Nov. 16	£	$		£ Note Rates
Argentine Peso	3340-3660	1550-1560	Austria	27.55-27.66
Australia Dollar	1.5770-1.5795	0.8150-0.8155	Belgium	69.90-63.50
Brazil Cruzeiro	66.79-67.98	50.95-51.15	Denmark	11.28-11.36
Finland Markka	8.17-8.19	3.7960-3.7980	France	8.96-8.03
Greek Drachma	79.815-81.752	37.50-37.45	Germany	5.83-3.86
Hong Kong Dollar	10.82½-10.85¾	5.0180-5.0200	Italy	1795-1849
Iran Rial	n/a	n/a	Japan	530-535
Kuwait Dinar (KD)	0.594-0.604	0.2798-0.2753	Netherlands	4.24-4.87
Luxembourg Frc.	61.95-62.05	28.71-28.73	Norway	10.80-10.88
Malaysia Dollar	4.7520-4.7480	2.1970-2.1980	Portugal	106-114
New Zealand Dlr.	2.2225-2.2275	1.0280-1.0500	Spain	141½-150½
Saudi Arab. Riyal	7.18-7.88	3.3690-3.3710	Switzerland	3.55½-3.56½
Singapore Dollar	4.95¾-4.71¾	2.1880-2.1890	United States	2.152-2.165
Sth. African Rand	1.7805-1.7845	0.8300-0.8310	Yugoslavia	45¼-46¾

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.159	3.838	532.0	8.993	3.556	4.273	1788.	2.552	62.00
U.S. Dollar	0.463	1.	1.777	246.4	4.165	1.647	1.979	827.9	1.182	28.72
Deutschemark	0.261	0.563	1.	158.6	2.343	0.928	1.115	465.8	0.665	16.16
Japanese Yen 1,000	1.880	4.058	7.213	1000.	16.90	6.682	8.031	3360.	4.798	116.5
French Franc 10	1.112	2.401	4.267	591.8	10.	3.953	4.751	1988.	2.837	68.98
Swiss Franc	0.281	0.607	1.079	149.6	2.530	1.	1.202	502.8	0.718	17.44
Dutch Guilder	0.234	0.505	0.898	124.5	2.105	0.832	1.	418.4	0.597	14.51
Italian Lira 1,000	0.569	1.208	2.147	297.6	5.031	1.989	2.390	1000.	1.427	34.69
Canadian Dollar	0.392	0.846	1.504	208.5	3.524	1.393	1.675	700.6	1.	24.30
Belgian Franc 100	1.613	3.482	6.190	858.1	14.50	5.734	6.891	2883.	4.115	100.

LONDON MONEY RATES

Nov. 16 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	3-17	—	—	—	17	8-17	—	—	—
2 days notice	—	—	17¼-17⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17	17⅛-17¼	—	17¾	17½	16⅝-18¾	—	—	—
One month	17⅛-17	17¼-17⅜	17-17⅛	19-18½	17¾	17¾	19⅛	16⅛	17⅛-18	18¼
Two months	17⅜-17	17¼-17⅜	—	18¾-18½	17¾	—	16⅜	16⅛-16¼	17⅛-17⅛	18
Three months	17⅛-17	17⅛-17¼	17-17⅛	17¾-17½	17¾	17⅛	16¼	16⅛-16⅛	16⅞	17½
Six months	16⅝-16¼	16⅞-16¾	16½-16⅝	17⅛-16¾	17⅛	—	—	—	15¾	16⅝
Nine months	16-16⅞	16-16¼	—	16¾-16½	16¾	—	—	—	—	—
One year	15⅝-15½	16¾-16	14¾-18⅝	16⅛-15⅞	16⅝	—	—	—	—	—
Two years	—	—	14¾-19⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 14¾-15½ per cent; four years 14¾-15¼ per cent; five years 14¾-15¼ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅞-16¾ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15[illegible] per cent; two-months 16[illegible] per cent; three-months 16 per cent. Approximate rates for one-month bank bills 17½-17¾ per cent; two-months 17¼-17[illegible] per cent; three-months 16¾-16¾ per cent; one-month trade bills 19 per cent; two-months 17¾ per cent and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1843 per cent.

CURRENCY MOVEMENTS

Nov. 16	Bank of England Index	Morgan Guaranty changes %
Sterling	69.4	−36.5
U.S. dollar	86.9	−8.1
Canadian dollar	80.5	−17.6
Austrian schilling	159.6	+25.2
Belgian franc	115.4	+13.5
Danish kroner	114.8	+2.5
Deutsche mark	157.1	+46.5
Swiss franc	200.5	+81.5
Guilder	124.5	+19.0
French franc	101.8	−5.7
Lira	54.6	−49.9
Yen	115.8	+14.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.40-14.50 per cent; three months 15.15-15.25 per cent; six months 14.80-14.90 per cent; one year 13.65-13.75 per cent.

Nov. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17¼-17⅛	15¼-15½	7-8	9½-9¾	2⅛-8¾	7⅝-7¾	11¾-18	11-15	—	6¾-8⅞
7 days' notice	17-17¼	15½-15¾	15¼-14¼	8½-9¾	2¼-2¾	7¾-7⅞	12-12½	12-14	15⅜-13¼	7⅜-8⅛
Month	17⅝-17¾	14⅞-14⅞	13¼-13⅞	9¾-10	2¾-2⅞	8⅛-8⅛	12⅛-15⅛	14¾-15¾	14⅜-14½	7⅜-8¼
Three months	17⅜-17½	15⅛-16⅞	14-14⅝	10⅜-10⅝	4-4⅛	8¾-8⅞	14-14¼	15¾-16¾	15⅞-15⅞	7¾-8⅞
Six months	16⅞-17	15⅞-15⅞	13¾-14⅛	10¼-10⅛	4½-4⅝	8¾-8⅞	14-14¼	16-17	16⅛-15⅞	7⅞-8⅛
One year	15⅞-16	16⅛-14⅛	15-13⅜	9⅛-10⅛	4⅜-4⅞	8⅜-8½	14-14¼	19-17	15¾-13⅞	7-7⅞

Long-term Eurodollar two years 12⅞-13⅛ per cent; three years 12½-12¾ per cent; four years 12¼-12½ per cent; five years 12⅛-12⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

GOLD

	November 16		November 15	
Gold Bullion (fine ounce)				
Close	$390-391	(£180½-181)	$383½-384½	(£178¾-178¼)
Opening	$386½-387¼	(£179¾-180¼)	$388-385	(£184-184¾)
Morning fixing	$386.75	(£179.884)	$387.50	(£183.172)
Afternoon fixing	$390.55	(£180.009)	$386.00	(£180.980)
Gold Coins				
Krugerrand	$401½-405	(£185¼-186¼)	$397-398	(£185½-186½)
Mapleleaf	$400-410	(£185-190)	$356-405	(£185-190)
New Sovereigns	$100½-101¼	(£46½-47¼)	$99½-100½	(£46¼-47¼)
King Sovs	$108-110	(£50-62)	$106½-108½	(£49½-61)
Victoria Sovs.	$109½-111¼	(£50¼-98¼)	$108½-110	(£50½-82)
Fr 20 Napoleon	FFr403-408	(SFr160-168)	FFr406-419	(SFr160-166)
50 pesos Mexico	$485½-488½		$485-487	
100 Cor. Austria	$680-983		$980-382	
$20 Eagles	$500-603		$495-600	
$10 Eagles	$260-275		$255-870	
$5 Eagles	$285-249		$220-840	

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.2520	+1.02	+1.02	±1.53
Danish Krone	7.36594	7.34307	−0.31	−0.31	±1.635
German D-Mark	2.48557	2.48690	+0.05	+0.05	±1.125
French Franc	5.85522	5.82247	−0.56	−0.56	±1.3576
Dutch Guilder	2.74748	2.76872	+0.77	+0.77	±1.515
Irish Punt	0.669141	0.671372	+0.33	+0.33	±1.665
Italian Lira	1159.42	1155.78	−0.31	−0.31	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

U.K. CONVERTIBLE STOCKS 16/11/79

Statistics provided by *data STREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Bank of Ireland 10pc Cv. 91-96	1.20	145.00	47.6	77-80	7.0	4.9	−6.3	−15 to −4	0.0	4.8	3.1	+9.4
British Land 12pc Cv. 2002	7.71	189.00	333.3	80-97	8.4	5.3	11.2	−8 to 11	0.0	89.2	52.5	+41.3
Hanson Trust 8½pc Cv. 88-93	3.38	74.00	57.1	76-80	8.9	10.2	12.6	−1 to 13	3.2	0.0	−4.9	−17.5
Slough Estates 10pcCv. 87-90	5.50	175.00	187.5	78-85	5.8	0.4	11.1	−3 to 11	30.4	41.5	7.1	−4.1
Slough Estates 8pc Cv. 91-94	24.88	85.00	78.0	80-91	9.8	10.6	29.7	20 to 32	24.9	52.2	41.8	+11.8
Thorn Electrical 5pc Cv. 90-94	4.18	96.00	29.1	75-80	5.3	5.5	5.4	−10 to 5	5.5	4.8	−0.8	−8.2
Tozer Kemsley 8pc 1981	0.72	85.00	153.9	74-79	9.5	17.6	−7.9	−22 to −2	0.0	0.0	0.0	+7.8
Ultramar 7pc net R.Cv.Pfd.	12.58	1.85	0.5	76-82	5.5	0.4	−1.8	−11 to −1	17.8	21.9	2.2	+4.0
Wilkinson Match 10pc Cv. 84-98	11.10	78.00	40.0	76-83	13.5	13.8	41.3	21 to 42	25.7	32.6	12.5	−28.8

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

Another dramatic day in Gilts ends with strong rally

£800m tap issue fails to shake new-found enthusiasm

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 5	Nov. 15	Nov. 16	Nov. 26
Nov. 19	Dec. 6	Dec. 7	Dec. 17
Dec. 10	Dec. 20	Dec. 27	Jan. 7

* "New time" dealings may take place from 5.30 am two business days earlier.

Another day of drama in stock markets began with unprecedented scenes in the Gilt-edged sector as word quickly spread prior to the start of dealings that demand for the new partly-paid long-dated Government stock, announced late the previous evening and of which many public investors were unaware, substantially exceeded the amount issued direct to the Bank of England.

Exhaustion of the authorities' supply of the stock was academic with buyers having been rationed to soma 10 per cent of their original orders; the £20-paid stock Treasury 13¾ per cent 2000-03 A, supplied by the Government broker at 20½ and passed oo at 20⁹⁄₁₆, rose to 23¼ after the official close of trade. Business in remaining longs was hectic and quotations recovered sharply from Thursday's downslide which followed the 3 point rise in Minimum Lending Rate to 17 per cent.

Early gains extending to 3½ points were later pared by a point before dealings were halted for the customary 45 minutes to assess the issue of yet further Government stock, this time £800m of Treasury 15 per cent 1985 to be issued by tender at a minimum price of 98½. On resumption of business, however, another broad advance got under way which took the longs to the best of the day. The shorts also went highar and Exchequer 11½ per cent 1984 settled after-hours at 87¾ compared with the pre-suspension level of 87½.

Favourable Pres views ebout the Government's latest financial measures appeared to excite interest in leading shares and dealers were kept busy for the opening hour of business. Institutional sources were inquiring for, and occasionally acquired, lines of good-quality shares but interest soon petered ont and attention reverted to tha Gilt pitches.

The subsequent downdrift in equity values was measured by a fall of over five points in the FT 30-share index from the 10 am calculation, which was 5.8 up and the close of 407.0 represeoted a rise on the day of only 0.7 and a net fall on the Account of 24.7.

Southern Rhodesian bonds came back from their recent peak levels on a announcement thet the Bank of England's position regarding these bonds was unchanged and it can at the moment make no payments as it has received no further sums for interest or redemption; the 6 per cent 1978-81 closed 6 points down at £145.

Traded options ended a quiet week by recent standards and ettracted a total of 459 contracts for e week's daily average of 458, the lowest since September. Among the more active issues were EMI, 158 trades, Cons. Gold Fields, 93, and ICI, 74.

Banks below best

The major clearing banks closed below the day's best with rises ranging to 8 following the rises to uniform base lending rates in order to come into line with the key 17 per cent Minimum Lending Rate. NatWest, which had jumpad the gun on Tuesday by announcing a 15½ per cent rate before yesterday's further rise, closed 8 to the good at 320p. Barclays firmed 5 to 397p, after 400p, while Lloyds edded 4 to 276p, after 280p, and Midland ended 2 dearer at 322p, after 325p. Bank of Scotland firmed 5 to 255p. Elsewhere, ANZ cheapened 4 to 186p aheed of Monday's preliminary results, while falls of 2 and 3 respectively were recorded in Keyser Ullman, 54p, and Hambros, 247p. Dull of late on fears of dearer credit, Hire Purchases rallied. Lloyds and Scottish, 105p, and London Scottish Finance, 54p, improving 4 apiece.

Quietly firm conditions prevailed in Composite Insurances. Further consideration of the third-quarter figures halped Royals put on 8 afresb to 300p, while General Accident bardened 4 to 202p es did Sun Alliance to 500p.

Breweries showed an initial firm stance, hut lack of follow-through demand and the appearance of small sellers left the leaders around tha overnight levels. Whitbread finished unaltered at 125p, after 128p, while Guinness rose 3 to 164p, after 168p. Renewed takeover speculation helped Davenports to a gain of 7 at 122p, while Belhaven elso turned better, improving 3 to 37p; ahead of next Friday's meeting. Wolverhampton and Dudley, preliminary results due on December 4, remained dull and gave up 3 more to 265p for a two-day fall of 8, bnt Cardiff Malting added a couple of pence to 48p on the annual results. Distilleries also retreated from early firm positions; Arthnr Bell closed unchanged et 164p, after 170p, while Distillers hardened a penny to 215p, after 219p. Tomatin rose 3 to 170p.

Leading Building issues held up reasonably well, but the trend was again to lower levels in secondary issues. The sharp rise in interest rates continued to unsettle Housebuilders. Barratt, 101p, and Bellway, 74p, both easing 3, while Gough Cooper gave np a penny further to 64p. Among Timbers, Phoenix were vulnerable to further selling and gave up 13 to 119p, while Mallinson Denny lost 3½ to 43½p.

Early huying interest took ICI to 333p before later easiness left the shares well below the hest at 329p for a rise of 6 on the day. Elsewhere, in Chemicals, Norsk Hydro revived with a rise of 1¼ to £58.

A. G. Stanley better

Firm at first, leading Stores drifted lower as the day progressed, still on concern ebout the Government's latest credit curbs and the possible adverse effects it will have on Christmas trade. Marks and Spencer tonched 85p hut finished a penny down on balance at 83p, while UDS dipped 2 to 70p as did Burton A, to 206p, after 210p. Combined English cheapened e penny for a fall on the week of 7 to 32p. Elsewhere, A. G. Stanley touched 58p on investment demand before closing a net 6 up at 56p, while Grattan Warehouses, at 112p, recorded a Press-inspired improvement of 6. Homa Charm, 126p, MFI Furniture, 70p, and Wallis, 50p, all improved 4, while Owen Owen added 3 to 88p. Comet Radiovision Services, however, lost 8 to 118p and Forminster gave up 7 at 123p. Shoes were featured hy a fall of 10 to 145p in Stylo.

Fears of a reduction in consumer spending following the tightening of the credit squeeze encouraged selling of Thorn which fell away to 303p hefore settling a few pence above the worst at 304p for a net loss of 10; EMI, bowever, closed 2 dearer at 135p, after 130p. Elsewhere in the Electrical leaders, GEC advanced 7 to 320p helped hy Press comment drawing attention to the company's large casb surplus. Plessey improved 3 to 109p and Racal 5 to 214p. Decca reacted 5 more to 290p while similar falls were recorded in Wholesale Fittings, 405p, and H. Wigfall, 200p. On the other hand, Mnirhead, up 4 at 234p, were helped hy news that Tyco Laboratories had increased its holding in the company to 10 per cent.

Engineering leaders ended with small irregular movements after a balf-hearted improvement et the opening. Once again, the majority of movements in secondary issues were against holders. Whessoe, down 4 at 136p, after 134p, eocountered selling aweiting news of the hld approach from Costain Group. Losses of a similar amount were marked against Startrite, 51p, Turriff, 73p, and Ratcliffe Industries, 83p. Fresh offerings left Aurora 3 lower at 51p, while RCF shed 2 to 28p on the sharp fall in the annnal profits. British Northrop, 23p, and Butterfield Harvay, 43p, gave up 3 apiece, while lower half-yearly profits left F. H. Lloyd 2 off at 35p. Against the trend, Babeock rallied 3 to 109p and C. H. Bailey improved ¼ to 5¾, the latter following the figures and proposed scrip issue.

Foods attracted small buying and generally closed with modest gains. British Sugar however, ran back 3 to 148p on second thoughts abont the preliminary results. In secondary issues, gains of 2 were common to Amos Hinton, 66p, Bejam, 67p, and Watson and Philip, 39½p, but Avana cheapened that mnch to 94p.

Metal Box up

Buoyed by the hetter performance in the gilt-edged market, miscellaneous industrial leaders made early progress but failed to hold best levels. Metal Box rose 6 to 232p, after 234p, ahead of Tuesday's interim results, while Glaxo finished 4 dearer at 392p, after 395p. A reappraisal of the interim results belped Boots to barden 2 to 150p, after 152p, while Unilever, which reported favourahle third-quarter figures on Wednesday, closed that much dearer at 460p. Elsewhere, J. Billam rose 3 to 45p in response to the sharp increase in first-half profits, and renewed speculetive support lifted Booker McConnell 9 to 252p, but profit-taking after the previous day's rise of 9 which followed news that the Rhodesian settlement talks were progressing well, left Stocklake 5 down at 108p. Brengreen declined 1¼ to 17¼p on the balf-yearly results, while Portals lost 10 to 222p and Central Manufacturing and Trading declined 5 to 50p. Hays Wharf also lost 5, to 98p, and Cawoods, recently firm on North Sea-oil considerations, cheapened 6 tn 134p.

In Leisure issues, HTV held at 109p following the preliminary results, while LWT eased 2 to 122p on further reflection on the annual stetement. Coral gave up 3 to 72p for e week's fall of 11, while Ladbroke dipped 4 to 142p for a loss of 20 over the longer period.

Motor sectors plotted an irregular course and ended the Accouot with a quietly mixed appearance. Harold Pery added 3 at 117p, while British Car Anctions rose a similar amount to 50½p. Appleyard, 62p, and Caffyns, 117p both firmed 2, but Hanger dipped 3 to 45p. Group Lotus closed 2 better at 33p following the more-than-doubled first-half profits. In components, Dowty attracted useful institutional support and rose 5 to 262p.

Although still very much concerned about current peak interest rates, Leading Properties staged a half-hearted rally yesterday in sympathy with the general trend. Closing levels, bowever, were well below the best with Land Securities finishing only a couple of pence better at 245p, after 252p, following comment on the interim results. Great Portland Estates closed a like amount dearer at 169p, after 173p; the latter's interim results are due on Monday. Stock Conversion put on 8 to 328p and Haslemere Estates gained 6 to 244p, after 248p. Imry, on the other hand, dipped 20 more to 440p and London Provincial Shop gave up 10 to 190p.

Oils below best

Oil shares got off to a firm start, hut sellers soon appeared at the higher levels and final quotations were sometimes well below the best. British Petroleum partly-paid new closed 3 dearer at 157p, after 162p, while the Old ended 6 up st 360p. Shell, still reflecting the satisfactory third quarter figures advanced afresh to 332p before falling back to close only 2 firmer on balance at 328p. Ultramar, also following third quarter results, moved between extremes of 380p and 372p hefore settling at 368p for a net gain of 10. Speculative interest was again shown in merger partners, Lasmo, 326p, and Oil Explorations, 612p, up 12 and 4 respectively and, still reflecting recent Press mention, Gas Oil and Acreage advanced 25 more to 295p.

Among Financial Trusts, Akroyd and Smithers firmed 6 tn 180p helped by the heavy sales of Gilt-edged tap stocks, while the return to profitability at the interim stage left Lamont 2 firmer at 17p.

In Textiles, Courtaulds, interim results expected Thursday, eased a penny to 75p following news of a factory closure. Allied continued to drift in the absence of investment support, and ended 2 easier at 80p for a loss on the week of 14, while Parkland fell 4 to 50p; the latter's interim results are due in the next Account.

Institutional support returned for Bats and although an easier tone was noted towards the close the Ordinary retained a gain of 5 at 248p, while the Deferred put on 3 to 234p. Imperial, on the other hand, eased 1¼ to 76p following the company's estimate of unchanged profits which accompanied the offer document for Howard Johnson.

Golds steady

South African Golds ended a quiet week on a steady note despite the strong rally in the bullion price which closed $6.50 higher at $390.50 an ounce, mainly reflecting reports that Iran plans to cease accepting dollars as payment for oil.

The Iranian reports caused a weakening in the dollar against sterling and also prompted American buying of Golds as a currency hedge. However, in sterling terms, share prices merely marked time as firmar dollar prices were offset by the stronger pound.

Heavyweights generally closed a shade better with Hartebeest particularly in demand and finally ¼ up at £18¼. On the other hand, the medium and lower-priced issues showed Winkelhaak 37 off at 828p, and Western Areas and Zandpan both 5 cheaper at 200p and 303p respectively.

South African Financials edged higher in subdued trading but tended to ease towards the close. Anglo American were finally 7 better at 392p, after 395p, while GFSA continued to attract strong London buying and put on 3 to £23¼.

The continuing buoyancy of the latter reflected current take-over speculation surrounding the London "parent", Consolidated Gold Fields, which rose sharply in the late trade to touch a 1979 high of 335p prior to closing 4 firmer on balance at 332p.

Australians extended their recent reversal. Heavy selling in overnight Sydney and Melbourne resulted in London prices being marked down at the outset but thereafter they held steady with dealers reporting a modest demand at the lower levels.

Recent high-flyer Central Pacific Minerals came under pressure and dropped £1¼ to £17¼ while falls of around 10 were common to BH South, 177p, and Seltrust "A", 130p.

FINANCIAL TIMES STOCK INDICES

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 9	A year ago
Government Secs.	64.49	63.51	64.88	65.86	65.88	65.85	68.22
Fixed Interest	64.41	64.06	65.93	66.47	66.16	66.40	69.69
Industrial	407.0	406.3	410.0	423.5	413.0	432.9	472.8
Gold Mines	205.9	204.2	207.4	205.6	212.8	210.6	151.7
Ord. Div. Yield	7.92	8.15	8.07	7.85	8.05	7.90	6.07
Earnings, Yld. % (full)	19.36	19.64	19.46	18.92	19.40	19.06	16.06
P/E Ratio (net) (*)	6.36	6.27	6.35	6.51	6.35	6.46	8.05
Total bargains	25,983	19,350	16,876	19,817	17,463	16,393	—
Equity turnover £m	—	91.94	72.62	85.77	66.90	75.97	58.30
Equity bargains total	—	15,575	12,946	15,839	13,898	13,118	13,690

10 am 412.7. 11 am 411.3. Noon 410.1. 1 pm 409.3. 2 pm 408.6. 3 pm 408.0.
Latest index 01-246 8026.
* Nil=6.09.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.51 (15/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (8/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (7/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 16	Nov. 15
—Daily		
Gilt Edged	171.2	150.3
Industrials	129.3	112.2
Speculative	55.9	39.5
Totals	108.5	90.8
5-d'y Av'r'ge		
Gilt Edged	151.4	145.9
Industrials	127.3	128.5
Speculative	37.2	35.3
Totals	94.3	90.6

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	81	3	3	157	231	[illegible]
Corpns. Dom. and Foreign Bonds	31	8	[illegible]	75	[illegible]	[illegible]
Industrials	231	357	812	927	2,381	[illegible]
Financial and Prop.	112	114	276	462	522	[illegible]
Oils	17	10	13	60	[illegible]	[illegible]
Plantations	3	5	22	9	44	[illegible]
Mines	32	60	55	156	285	[illegible]
Others	36	64	86	180	325	[illegible]
Totals	542	621	1,257	2,060	4,247	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	375	17	4	25	1	—	—	359p
Com. Union	140	4	—	5	10	10	—	127p
Cons. Gold	280	58	3	68	—	77	—	328p
Cons. Gold	300	42	15	55	—	60	—	"
Cons. Gold	330	[illegible]	[illegible]	[illegible]	—	44	—	"
Courtaulds	70	10	[illegible]	[illegible]	—	[illegible]	—	75p
Courtaulds	80	[illegible]	[illegible]	[illegible]	10	[illegible]	—	"
GEC	330	16	[illegible]	29	—	45	—	318p
Grand Met.	120	[illegible]	[illegible]	[illegible]	—	[illegible]	—	129p
ICI	300	[illegible]	[illegible]	[illegible]	—	[illegible]	—	329p
ICI	330	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
ICI	360	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
ICI	420	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
Land Secs.	240	15	[illegible]	27	—	34	—	245p
Land Secs.	260	6	[illegible]	17	—	22	—	"
Marks & Sp.	80	7	[illegible]	9	[illegible]	12	[illegible]	84p
Shell	300	46	[illegible]	[illegible]	—	—	—	328p
Shell	330	26	[illegible]	[illegible]	—	—	—	"
Shell	360	[illegible]	[illegible]	[illegible]	—	—	—	"
Totals			209		41		0	
		November		February		May		
Boots	140	12	—	17	—	25	—	150p
Boots	160	[illegible]	—	[illegible]	—	[illegible]	—	"
EMI	90	47	—	51	[illegible]	[illegible]	—	133p
EMI	120	17	—	21	[illegible]	[illegible]	—	"
EMI	130	[illegible]	78	[illegible]	[illegible]	[illegible]	[illegible]	"
EMI	140	[illegible]	—	[illegible]	[illegible]	[illegible]	—	"
EMI	150	[illegible]	16	[illegible]	—	[illegible]	—	"
EMI	160	[illegible]	—	[illegible]	—	[illegible]	—	"
Imperial Gp.	80	[illegible]	—	[illegible]	—	[illegible]	—	76p
Imperial Gp.	90	[illegible]	—	[illegible]	—	[illegible]	—	"
RTZ	280	[illegible]	—	[illegible]	—	[illegible]	—	277p
RTZ	300	[illegible]	—	[illegible]	—	[illegible]	—	"
RTZ	330	[illegible]	—	[illegible]	—	[illegible]	—	"
Totals			91		11		67	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri., Nov. 16, 1979 (Index No.; Day's Change %; Est. Earnings Yield % (Max.); Gross Div. Yield % (ACT at 30%); Est. P/E Ratio (Net)); Thur. Nov. 15; Wed. Nov. 14; Tues. Nov. 13; Mon. Nov. 12; Year ago (approx.); Highs and Lows Index 1979 High, Low; Since Compilation High, Low.

Figures in parentheses show number of stocks per section

	Group	Index No.	Day's Change %	Est. Earnings Yield %	Gross Div. Yield %	Est. P/E	Thur. Nov. 15	Wed. Nov. 14	Tues. Nov. 13	Mon. Nov. 12	Year ago	1979 High	1979 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (173)	203.52	+0.4	21.07	7.35	6.04	202.79	204.64	209.69	205.68	227.58	287.87 (4/5)	202.79 (15/11)	287.87 (4/5/79)	50.71 (13/12/74)
2	Building Materials (27)	195.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (29)	316.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	524.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (11)	277.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	138.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	136.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (52)	[illegible]													
11	(DURABLE) (52)	192.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (15)	269.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (14)	114.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (23)	96.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (170)	202.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	254.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	301.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	274.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (18)	187.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	272.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	358.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	112.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (41)	190.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	127.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	206.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	49.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (98)	177.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	258.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	196.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	101.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	405.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	192.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (493)	202.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (7)	709.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	242.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (117)	164.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	203.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	214.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	146.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	136.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	111.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	243.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	84.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (44)	284.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	112.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	177.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	136.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	305.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	222.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Fri., Nov. 16	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	99.74	+0.87	—	8.32
2	5-15 years	103.46	+2.00	—	9.35
3	Over 15 years	107.32	+2.58	—	12.28
4	Irredeemables	116.12	+2.17	—	13.32
5	All stocks	103.11	+1.81	—	10.04

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Fri. Nov. 16	Thur. Nov. 15	Year ago (approx.)	1979 Highs	1979 Lows
1	Low Coupons	5 years	12.79	13.00	9.63	13.00 (15/11)	8.90 (8/3)
2		15 years	12.72	13.05	11.46	13.05 (15/11)	10.61 (8/3)
3		25 years	12.24	12.68	12.16	13.28 (8/11)	10.16 (7/9)
4	Medium Coupons	5 years	14.76	15.14	12.12	15.34 (15/11)	10.58 (4/5)
5		15 years	14.49	14.85	12.81	14.85 (15/11)	11.22 (4/5)
6		25 years	14.25	14.60	12.68	14.60 (15/11)	11.35 (4/5)
7	High Coupons	5 years	15.26	15.60	12.61	15.60 (15/11)	10.94 (4/5)
8		15 years	15.03	15.39	13.07	15.39 (15/11)	11.61 (4/5)
9		25 years	14.56	14.98	13.23	14.98 (15/11)	11.70 (4/5)
10	Irredeemables		12.97	12.83	12.13	12.97 (8/2)	11.49 (20/4)

		Fri., Nov. 16 Index No.	Yield %	Thur. Nov. 15	Wed. Nov. 14	Tues. Nov. 13	Mon. Nov. 12	Fri. Nov. 9	Thur. Nov. 8	Wed. Nov. 7	Year ago (approx.)	1979 Highs	1979 Lows	Since Compilation Highs	Since Compilation Lows
15	20-yr. Red. Deb. & Loans (15)	51.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61.86 (8/6)	51.80 (15/11)	112.43 (31/12/65)	37.06 (3/1/75)
16	Investment Trust Prefs. (15)	48.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61.58 (24/4)	49.80 (15/11)	114.41 (31/12/65)	33.48 (13/12/74)
17	Coml. and Indl. Prefs. (20)	59.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	76.61 (24/4)	60.11 (15/11)	114.96 (7/10/66)	47.67 (3/1/75)

Equity Section or Group	Base Date	Base Value	Equity Section or Group	Base Date	Base Value
Pharmaceutical Products	30/12/77	261.77	Miscellaneous Financial	31/12/70	128.06
Other Groups	31/12/74	63.75	Food Manufacturing	29/12/67	114.13
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering Contractors	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Mechanical Engineering	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	15/1/70	144.76	British Government	31/12/75	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	128.20			
Industrial Group	31/12/70	128.20			

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 14p, by post 22p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from the Book Sales Department, FT Business Publishing Limited, Minster House, Arthur Street, London, EC4R 9AX, at £60 per copy.

CONSTITUENT CHANGE: Babcock International has been reclassified from Engineering Contractors to Mechanical Engineering.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (5)

ELECTRICALS (1)
Perkin-Elmer 4pc

OILS (2)
Gas & Oil Acreage Viking Oil

MINES (2)
Cons. Gold Fields Rhodesian Corp.

NEW LOWS (234)

BRITISH FUNDS (33)
CORPORATION LOANS (1)
COMMNWLTH. & AFRICAN LOANS (1)
LOANS (4)
AMERICANS (10)
CANADIANS (3)
BANKS (1)
BUILDINGS (22)
CHEMICALS (6)
DRAPERY & STORES (5)
ELECTRICALS (9)
ENGINEERING (37)
FOODS (2)
HOTELS (2)
INDUSTRIALS (39)
LEISURE (4)
MOTORS (4)
NEWSPAPERS (3)
PAPER & PRINTING (8)
PROPERTY (7)
SHOES (1)
TEXTILES (5)
TOBACCOS (1)
TRUSTS (40)
OILS (2)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (6)

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 12	Nov. 23	Feb. 21	Mar. 3
Nov. 26	Dec. 7	Mar. 6	Mar. 17
Dec. 17	Dec. 28	Mar. 20	Mar. 31

For rate indications see end of Share Information Service

In a more modest trade than of late, calls were arranged in BP "new," Premier Oil, Town and City, Marshall's Universal, Fitch Lovell, FNFC, UDT, Southern Pacific Petroleum, House of Fraser, ICI, Poseidon, Oil and Associated, MEPC and Laporte. Puts were done in FNFC 9¼ per cent loan and Ultramar, while FNFC, Christopher Moran, UDT, ICI, Beecham and Dunlop attracted double options.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
155	F.P.	—	166	150	B.P. 'New'	157	+1	[illegible]	[illegible]	[illegible]	[illegible]
150	F.P.	—	170	153	Fogarty (E.) Defd.	155	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
125	F.P.	28/11	175	152	Link House 20p	154	+1	[illegible]	[illegible]	[illegible]	[illegible]
110	F.P.	—	118	99	Rosehaugh 10p	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	128	123	SASOL R1	123	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Stewart Nairn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	285	265	Vitatron N.V. Fl.0.25	265	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 9% Red. Pref. 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Water 9% Red. Pref. 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eastbourne Waterworks 9% Red. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Forminster 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hill Samuel Floating Rate Notes 1982	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London Trust 12% Deb. Stk. 2000-05	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mucklow A. & J. 10½% 1st Mt. Db. 2006-09	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Startrite Eng. 11% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Vitatron 10% Cum. Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
A$4.50	Nil	—	[illegible]	[illegible]	BH Proprietary	[illegible]	[illegible]
52	F.P.	16/11	[illegible]	[illegible]	Cope Sportswear	41	[illegible]
300	F.P.	[illegible]	[illegible]	[illegible]	Dunhill (Alfred)	370	[illegible]
44	F.P.	[illegible]	[illegible]	[illegible]	Goldberg (A.) & Goodricke	44	[illegible]
32	F.P.	[illegible]	[illegible]	[illegible]	Francis Inds.	[illegible]	[illegible]
58	F.P.	[illegible]	[illegible]	[illegible]	Hepworth Ceramics	[illegible]	[illegible]
SM1.5	Nil	[illegible]	[illegible]	[illegible]	Hkulim	[illegible]	[illegible]
160	F.P.	16/11	[illegible]	[illegible]	Laporte Inds.	[illegible]	[illegible]
40	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Newman Tonks	[illegible]	[illegible]
95	F.P.	19/10	16/11	[illegible]	Wace Group	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Nat. Westminster Jersey Fd. Mgrs. Ltd.
Negit S.A.
Negit Ltd.
Pacific Basin Fund
Phoenix International
Providence Capitol Life Ass. (C.I.)
Quest Fund Mngmnt. (Jersey) Ltd.
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)
Rothschild Asset Mgt. (Bermuda)
Royal Trust (C.I.) Fd. Mgt. Ltd.
Save & Prosper International
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Slater & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Utd. Intnl. Mngmnt. (C.I.) Ltd.
United States Tst. Intl. Adv. Co.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
Wardley Investment Services Ltd.
World Wide Growth Management
Wren Commodity Trust

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charities Official Invest. Fund♥

Chieftain Trust Managers Ltd.♥ (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.♥

Funds in Court♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group♥ (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Northgate Unit Trust Managers Ltd.♥(c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.♥

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.♥ (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Target Tst. Mngrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.♥ (c)(y)

TSB Unit Trusts (y)

Tyndall Managers Ltd.♥

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Arrow Life Assurance

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.♥

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♥

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.♥

Target Life Assurance Co. Ltd.♥

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance♥

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. f. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Henderson Baring (Guernsey) Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Managemt. Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅝	95⅞	Treasury 9pc 1980‡‡	97⅞	......	9.20	16.46
99⅝	95⅛	Treasury 9½pc '80‡‡	97⅛	+⅛	9.78	15.89
97	92¼	Treasury 3½pc '77-80	94¾xd	+½	3.69	13.30
97⅜	92⅞	Funding 5¼pc '78-80‡‡	95¼xd	+½	5.51	14.26
103⅝	97½	Exchequer 13pc 1980‡‡	97¾xd	+¼	13.30	15.46
102⅛	95⅝	Treasury 11½pc 1981‡‡	95¾	+⅜	12.01	15.51
93¾	88⅞	Treasury 3¼pc 1979-81	91	+1	3.85	11.42
99⅞	92⅝	Treasury 9¾pc 1981‡‡	94	+1	10.37	14.68
96¾	89½	Exch. 8¼pc 1981	91⅞xd	+1	8.98	14.25
98⅞	91¼	Exch. 9½pc 1981	92¾	+1	10.24	14.36
91¼	84¼	Exch. 3pc 1981	87	+1	3.45	11.34
98⅝	95	Treas. Variable '81‡‡	95	–⅝	13.78	18.37
104⅝	95¼	Exch. 12¾pc 1981‡‡	96xd	+¾	13.28	15.12
96⅞	87¼	Treas. 8½pc '80-82‡‡	88	+¾	9.66	15.16

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103¾	96	FFI 13pc 1981	96	–½	13.55	16.61
108¼	94¼	Do. 14pc '83	94¼	–¾	14.83	15.93
86½	77½	ICFC 5½pc Deb. '80-82	80½	+1½	6.90	14.90
85	69	Do. 6¼pc Db. '81-84	70½xd	+1½	8.86	14.80
99	84	Do. 10½pc Uns.Ln. '86	85	+1	12.96	15.40
99	83	Do. 11pc Uns.Ln. '88	85	+2	13.61	14.70
101½	84	Do. 11¾pc Uns.Ln. '90	86	+1	14.43	15.40
72½	56	Do. 7¾pc A Deb. '89-92	58½	+2½	13.21	15.40
69	53	Do. 7¾pc A Do. '91-94	54½	+1½	13.65	15.40
81½	64	Do. 9pc 'A' '91-94	64½	+½	14.33	15.50
78½	61½	Do. 8¾pc Ln. '92-97	61½	–½	15.09	15.70
102	85	Do. 12½pc. Uns. Ln. 1992	86½	+1½	14.65	15.20

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
41	22	Antofagasta Rly.	41	......	—	—
49	37	Do. 5pc Pref.	49	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
60	18	Chinese 4½pc 1898	59	......	—	—
49	21	Do. 5pc 1912	48	......	—	—
28	13	Do. 5pc 1913	25½	–½	—	—
27	10	Do. 5pc 1925 Boxer	20	+2	—	—
430	400	German Yng. 4½pc	425	......	4½	—
52	35	Greek 7pc Ass.	35xd	......	3½	10.52
51	34	Do 6pc 28 Stab. Ass.	35	......	6	10.88
42	32	Do 4pc Mixed Ass.	34	......	4	7.28
54	42	Hung. '24 Ass.	53	......	—	5.33
68	68	Iceland 6½pc '83-88	68	......	—	13.39
90½	78½	Ireland 7½pc '81-83	82	......	7½	14.97
87½	69	Do 9¾pc '91-96	73	+1	9¾	14.33
390	230	Japan 4pc '10 Ass	230	......	—	—
73	62	Do 6pc '83-88	63	......	6	11.98
160	135	Peru Ass. 3pc	160	......	3	1.62
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.66
$94½	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM91	Turin 6½pc 1984	DM91xd	......	6½	8.80
97	95	Uruguay 3½pc	96	......	3½	3.80

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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CENTRAL AFRICAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
420	132	Falcon Rh.50c	415	......	Q100c	ϕ	16.6
37	11	Rhod'n Corp. 16½p	37	+1	0.56	6.5	2.2
165	70	Roan Cons. K4	122	......	Q0.125	ϕ	6.2
67	26	Wankie Col. Rh.1	64	......	Q9c	ϕ	9.7

AUSTRALIAN

TINS

COPPER

120	56	Messina R0.50	102	−4	—	—	—

MISCELLANEOUS

81	54	Barymin	64	+1	—	—	—
14½	10	Burma Mines 17½p	12½	......	—	—	—
365	170	Cons. Murch. 10c.	300	......	Z030c	—	5.7
440	280	Northgate C$1	325	−15	—	—	—
362	226	R.T.Z.	277xd	+5	†11.5	3.4	5.9
31	12	Robert Mines	12	−3	—	—	—
65	28	Sabina Inds. C$1.	28	......	—	—	—
880	490	Tara Exptn. $1	490	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 34

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Saturday November 17 1979

MAN OF THE WEEK

Lender of last resort

BY PETER RIDDELL

IF ANY one person can be credited with the main responsibility for the decision to raise Minimum Lending Rate on Thursday it was Mr. Gordon Richardson, the Governor of the Bank of England. It was his voice which made it clear that the Government had no choice if it wanted to regain the monetary initiative.

Mr. Richardson has no power as such. He does not have the formal constitutional independence of the heads of the U.S. Federal Reserve or the West German Bundesbank. Indeed as chairman of a nationalised industry he is ultimately only an adviser subject to the decisions of Whitehall.

Yet in practice he has a very large and often irresistible influence, particularly in a world where what the financial markets think about policy matters. The Bank is the intermediary with the markets and the importance of this role has been enhanced in the three years in which monetary targets have been set. In this period the actual or potential excess growth of the money supply has often been the trigger for changes in exchange rate, fiscal and credit policy.

Mr. Richardson has not always been popular in Whitehall as the messenger bearing bad news. Although he generally got on well with Mr. Denis Healey he suffered frequent criticisms

Mr. Gordon Richardson
Apparent effortless mastery of any situation

from Lord (formerly Mr. Harold) Lever. After the election Mr. Richardson apparently soon established a reasonable working relationship with both Sir Geoffrey Howe and the Prime Minister. But in June he had to overcome Mrs. Thatcher's strong initial resistance to the increase in MLR to 14 per cent.

This influence is largely exercised in private, but he has developed a more public face in the last three years after a period when he became known as the silent Governor. He made a conscious decision in 1976 to make more speeches and these coupled with the Bank's quarterly bulletin have provided a benchmark for its policy thinking.

Yet if Mr. Richardson speaks in public more often than before he is scarcely better known. He is an undeniably impressive figure with a considerable intellect and record of success as a barrister and merchant banker before becoming Governor in 1973. He certainly looks every inch the part; in an earlier age he would have made an ideal pro-consul or viceroy.

Mr. Richardson is a demanding and painstaking, as well as a reserved man, as shown by the nine or 10 drafts through which his speeches often go. After taking advice widely from within the Bank he takes the key decisions in conjunction with the deputy-governor, the four executive directors and the chief cashier, apparently preferring to achieve agreement before taking his view to Whitehall.

It is difficult to tell where this influence has been decisive but Mr. Richardson is reckoned to have had a major say in the decisions in 1974 to end business rent control, in 1976 to introduce a monetary target and, in 1977 to float the pound. All these decisions have been controversial and the Bank came under strong fire during the financial crisis of 1973-74 and in the sterling troubles of 1976. The Left criticised his reappointment as Governor for five years in 1978 while the more fervent monetarists have attacked his record as self-proclaimed protector of the currency since the money supply and prices have more than doubled since 1973. Yet for better or worse there is no doubt that the Bank's standing and influence have increased considerably under his governorship.

Labour seeks Blunt inquiry

BY PHILIP RAWSTORNE

LABOUR MPS yesterday demanded a full and urgent Commons inquiry into the 15-year cover-up of Professor Anthony Blunt, the Soviet spy and "fourth man" in the Burgess-MacLean-Philby affair.

Mr. George Thomas, the Speaker, under pressure in the Commons, said he would give "very serious consideration on Monday" to an emergency debate.

Ministers already face a series of questions next week about the official protection given to Professor Blunt, the Queen's former art adviser.

Government clarification of the Queen's role in the case was one of the main demands being made as a storm of protest broke over the immunity given to the spy.

Buckingham Palace told the Press Association: "The Prime Minister's statement said the Queen's Private Secretary was informed in April 1964, and it can be taken from that that the Queen did know."

Later, Mr. Michael Shea, Press Secretary to the Queen, confirmed that the PA statement had been made by a Palace spokesman.

But he added. "It was a personal interpretation made by a member of the Press Office. Our position remains as set out in the Prime Minister's statement. Exchanges between the Private Secretary and the Sovereign are confidential."

Opposition MPs intend to probe the extent to which successive Prime Ministers and their senior Cabinet Ministers were apparently kept in ignorance of Professor Blunt's confession.

Sir Harold Wilson yesterday joined Lord Home and former Tory Foreign Secretary Lord Butler, in denying any knowledge of the affair.

Dr. David Owen, Labour's former Foreign Secretary, called for an urgent investigation into the Government decision-making process that had allowed such a cover-up. It was incredible that Prime Ministers had been kept in the dark, he said.

Mr. David Steel, Liberal leader, last night urged the Government to withdraw from Parliament its Protection of Information Bill—a reform of the Official Secrets Act, which, he claimed, could be used to suppress public information about future spies like Professor Blunt.

Labour MPs called for the "wraps to be lifted" completely.

Mr. James Wellbeloved said: "The situation is quite scandalous and Parliament and the people must now be informed of the full facts."

National interest and security demanded a full disclosure, he said. The public had a right to know if other British citizens had been involved in the spy ring and given immunity.

Whitehall officials yesterday categorically denied allegations that Dr. Wilfrid Mann, a British physicist, now living in Washington, was the "fifth man," alleged to have been concerned in the treachery.

Political fury over the case was further fuelled by the Government yesterday when it was confirmed that it had informed Professor Blunt in advance of the Prime Minister's statement to the Commons.

Professor Blunt disappeared from his London home on Wednesday after his lawyers had telephoned him with the message from Sir Robert Armstrong, the Cabinet Secretary.

The Prime Minister is said to have authorised the message as "a common courtesy."

The fact that Professor Blunt had disappeared was said to be of no interest to the Government, which had no further use for him.

Last night, Mr. Michael Rubinstein, Professor Blunt's solicitor, said he was believed to be in Britain, and may make a statement next week.

Feature, Page 25

December ceasefire aim

BY BRIDGET BLOOM, AFRICA EDITOR

LORD CARRINGTON, the Foreign Secretary, is aiming for negotiations on a ceasefire in the seven-year-old guerrilla war in Rhodesia to be completed next week and for the ceasefire to come into force in the first week of December.

While Lord Carrington does not underestimate the complexities of the talks it is clear he intends to be as tough in this third and final stage of the Lancaster House conference as he has been so far.

The Foreign Secretary yesterday presented Britain's proposals for the ceasefire, saying that he hoped intensive discussions at the weekend would enable both the Salisbury and Patriotic Front delegations to agree on the British terms within "a matter of days."

The 10-point proposals tabled 24 hours after the all-party agreement on pre-independence plans, are seen as leaving little room for negotiation.

Britain wants a specific date set for a ceasefire, to be established within seven to 10 days of a Lancaster House agreement.

By the ceasefire date all movement of Salisbury or Patriotic Front forces is to stop, the latter being expected to move to designated assembly points.

As agreed on Thursday, commanders of both forces will be responsible to the British governor. He will be aided by a ceasefire commission on which the two sides' forces will be represented.

Britain will set up a "ceasefire monitoring group" of British, Australian, New Zealand, Fijian and possibly other Commonwealth units. The group will be "several hundred" strong, but will have no role in separating the combatants.

The outline British plan is likely to be more readily acceptable to Salisbury than to the Patriotic Front.

Gen. Walls, Salisbury's military chief, told a Press conference yesterday that his own forces would cease fire within two hours of orders. But since "others might have some difficulty" he envisaged "two to three days for the orders and five days for the Patriotic Front to assemble at the appropriate points."

He seems to agree with Britain that the key to the ceasefire will be successful assembly of Patriotic Front forces, now scattered over at least 90 per cent of the country, into specific areas.

Carrington's ceasefire proposals, Page 2

Hopes for quick Ford settlement

By Alan Pike
Labour Correspondent

INTENSIVE negotiations will take place next week on the Ford pay claim, which is often seen as a pacemaker for the private sector, although unions yesterday rejected the company's initial offer.

A quick settlement to the negotiations, which last year gave rise to a two-month dispute contributing to the collapse of the Labour Government's pay policy, appears possible.

Although union leaders are insisting that Ford moves closer to their demands for £30 per week increases across the board the company yesterday made its biggest-ever offer in cash terms. It would be worth between £9.88 and £13.80 per week depending upon grade, an average rise of just over 15 per cent.

The company also proposes to increase its attendance allowance, introduced last year, by between £1.37 and £1.81 per week. That would take the average value of the package to 16.3 per cent. The unions want the supplement consolidated into basic pay.

Ford management once again resisted a claim for a reduction in the 40-hour working week in its reply to the union claim yesterday.

Iran fears undermine dollar

BY OUR FOREIGN STAFF

FEARS ABOUT the wider implications of the confrontation between the U.S. and Iran, and reports, later denied, that Iran was proposing to cease taking payments for its oil in dollars, brought the U.S. currency under pressure in New York yesterday.

The uncertainty of the situation has seriously slowed trading in U.S. financial markets.

The head of foreign exchange trading at one of New York's main banks said that the freeze on Iranian payments, which President Carter has ordered, meant that no oil company could pay Iran in dollars even if it wanted to.

"This is because the international payments system is such that all dollar transfers, except in hard cash and dollar bills, must go through a New York bank."

In London the foreign exchange market was apprehensive. The dollar fell to DM 1.7770 at the close, down from DM 1.7830 overnight, and to SwFr 1.6460 against SwFr 1.6560.

However, the dollar finished above earlier lows against both currencies. Dealers said it had probably been steadied by intervention from the Bundesbank and the Swiss National Bank.

In Tehran, more than 30,000 demonstrators massed outside the U.S. Embassy to demonstrate their support for the students occupying it. Among the demonstrators were several thousand Marxists — the first public participation by the Iranian Left in the campaign to bring back the Shah from the U.S. for trial.

It is now believed that there are only 70 and not 100 hostages being held in the Embassy. According to the State Department in Washington, most third-country nationals were released at the time of the take-over nearly two weeks ago.

Diplomats in Tehran were reported yesterday to be gloomy about the prospects for the release of the remainder in the near future.

In a sharp change of tack, the Palestine Liberation Organisation has now announced its full support for the Khomeini regime's action.

Retail prices index up to 17.2%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE 12-MONTH rate of retail price inflation is edging up steadily but there is no evidence of a runaway acceleration as in the mid-1970s.

Department of Employment figures published yesterday show that the retail prices index rose 1 per cent in the month to mid-October, to 235.6 (January 1974=100).

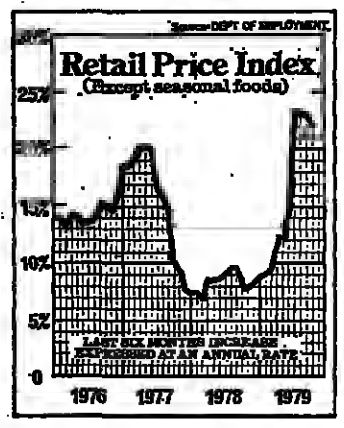
This took the 12-month rate to 17.2 per cent, the highest figure since July, 1977. This compares with 16.5 per cent in the previous month, and 7½ per cent in summer 1978.

The monthly rise in the last three months has been 1 per cent or less. This suggests that, although the annual inflation rate is much higher than a year ago, there has not been a significant deterioration recently after allowing for the impact of the Budget measures, notably the rise in Value Added Tax. This may be partly because of intense price competition in retailing.

There are, however, sizeable price increases in the pipeline as a result of rises in oil and other commodity prices, and an underlying rate of increase in earnings of 15 to 16 per cent. Consequently, some economic forecasters believe the peak 12-month rate could rise above 20 per cent next spring.

But there is considerable uncertainty about the short-term inflation outlook, and a lot could depend on the size of the increase in the mortgage rate and on oil prices.

The most recent Whitehall estimate in June was for a 17½ per cent rise in the retail prices index in the year to this month.



The latest figures appear to suggest that the Government will be lucky to meet this forecast. But it is still possible, especially as comparisons in the next few months will be with the rather higher monthly rates of increase last winter—0.7, 0.8 and 1.5 per cent for November, December and January respectively.

The Government has sought to offset some of the political impact of a faster rate of retail price inflation with its tax and price index. This takes account of direct tax cuts as well as indirect tax increases. This index rose by 14.8 per cent in the year to October to 117.6 (January 1978=100) compared with a rise of 14.1 per cent in the previous month. This shows the increase in gross earnings needed by the average worker in order to maintain his real take-home pay.

The best guide to the underlying trend of retail prices is usually the index for all-items except seasonal foods over the last six months. Expressed at an annual rate, the rise in this stood at 21.7 per cent last month, compared with 23.1 per cent previously.

Continued from Page 1

Local authority limit

was "totally unrealistic" when inflation would rise to "at least 20 per cent by the beginning of the next fiscal year."

Speaking on behalf of the bulk of the 500,000 white-collar council staff, Mr. Geoffrey Drain of the National and Local Government Officers' Association, forecast that services would be hit and councils would need to levy extra rates to make ends meet.

Mr. Michael Heseltine, Environment Secretary, described the overall grant package which will provide local authorities in England and Wales with 61 per cent of the £15.737bn (at November 1979 prices) that they are expected to spend next year as "fair and realistic."

In 1980-81 the overall level of local authority expenditure accepted in 1980-81 by the Government for grant purposes represents a 2.5 per cent spending cut in real terms compared with 1978-79.

Continued from Page 1

Government

control should be correspondingly eased in the months ahead."

The Bank is concerned to ensure that continuation of the corset controls for six months as a temporary measure does not lead to substantial evasion.

There is a large potential loophole through borrowing sterling overseas which has been created by the end of exchange controls.

Weather

UK TODAY

Dry, but cloud and occasional rain spreading from west.

London, East Anglia, Midlands, S.E., Central S.E., Central N. England, Channel Is.

Mostly dry, frost and fog clearing. Sunny intervals, but increasing cloud later. Max 7C (45F).

S.W. England, S. Wales

Becoming mostly cloudy. Rain at times, snow on hills. Max 9C (48F).

N.W., N.E. England, Lakes, N. Wales, Borders, Isle of Man, S.W. Scotland, Glasgow, Central Highlands, Edinburgh and Dundee, Aberdeen, Moray Firth

Frost and fog patches clearing. Increasing cloud with rain and snow later. Max 7C (45F).

Orkney and Shetland

Dry and bright at first. Cloud increasing with rain and sleet later.

Rest of Scotland, N. Ireland

Mostly cloudy, occasional rain and snow. Gales on coasts and hills. Max. 7C (45F).

Outlook: Becoming brighter but colder. Showers. Night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Locarno	S	7	45
Algiers	R	10	50	London	R	5	43
Amsdm.	C	4	39	Luxmbg.	C	2	36
Athens	F	21	70	Luxor	S	31	88
Bahrain	S	27	80	Madrid	F	10	50
Barcina.	F	11	52	Majorca	C	10	50
Beirut	S	22	72	Malaga	F	15	59
Belfast	S	5	41	Malta	R	16	61
Belgrd.	C	18	64	M'chstr	F	6	43
Berlin	C	4	39	Melbne.	R	18	64
Biarritz	F	8	45	Mex. C.	S	20	68
Bmghm.	C	5	41	Milan	C	5	43
Blackpl.	F	7	45	Mntreal.	C	0	32
Bordx.	C	7	45	Moscow	C	5	41
Boulgn.	C	7	45	Munich	F	3	37
Bristol	C	7	45	Nairobi	R	20	68
Brussels	C	4	39	Naples	R	13	55
Budpst.	F	13	55	Nwcstle.	F	7	45
B. Aires	C	18	64	N. York	S	5	41
Cairo	S	26	79	Nice	F	11	52
Cardiff	S	8	46	Nicosia	S	22	72
Cas'b'ca	C	17	63	Oporto	C	11	52
Cape T.	S	21	70	Oslo	C	0	32
Chicago	S	6	43	Paris	F	7	45
Cologne	S	6	43	Perth	C	22	72
Cpnhgn.	R	7	45	Prague	C	4	39
Corfu	R	19	66	Reykjvk.	Sn	0	32
Dublin	S	5	41	Rhodes	S	22	72
Dbrvnk.	C	16	61	Rio J'o	S	25	77
Ednbgh.	C	5	41	Rome	R	11	52
Faro	C	14	57	Salzbrg.	C	3	37
Florence	C	12	54	Singapr.	R	30	86
Frankft.	F	6	43	Stckhm.	R	5	41
Funchal	R	18	64	Strasbg.	C	7	45
Geneva	F	5	41	Sydney	S	28	82
Gibrltr.	F	15	59	Tangier	F	16	61
Glasgow	C	5	41	Tel Aviv	S	24	75
G'rnsey	F	8	41	Tenerife	R	14	57
Helsinki	R	1	34	Tokyo	S	16	60
H. Kong	S	25	77	Toronto	S	—3	77
Innsbrk.	F	2	36	Tunis	F	16	61
I.o.Man	S	7	45	Valencia	S	14	57
Istanbul	S	21	70	Venice	C	7	45
Jersey	C	8	46	Vienna	C	7	45
Jo'burg	C	18	64	Warsaw	R	9	48
L. Plms.	C	20	68	Zurich	F	3	37
Lisbon	F	12	54				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Funding through the nose

A few seconds after ten o'clock yesterday morning, monetary control was re-established. As the Government Broker sold out of his £1bn emergency tranche of tap stock, there re-emerged the virtuous circle of funding, money supply reduction and, after a decent interval, falling interest rates. It was not the tidiest operation that the Bank of England has ever carried out, but the authorities have got away with murder, and are unlikely to care. Faced with the charge of excessively expensive funding, they will surely ask for many previous offences to be taken into account.

Short of producing a tap in the middle of the night, they could hardly have shut out the small investor more effectively—not that the public has a constitutional right to make a killing in the Government bond market. A more serious objection to the handling of the issue concerns the fixing of the price. Many brokers must have had orders from clients assuming that the opening price would be £20 plus the jobbers' turn. In fact it was half a point higher—and brokers had no time to contact their clients before agreeing to deal. Effectively, they had to underwrite the issue.

As on previous occasions of crash funding after a steep market fall, the role of the jobbers is likely to be criticised—both yesterday and on Thursday they were able to cover their own short positions safely by taking stock from the Government Broker. But the jobbers are only playing the game according to the rules, which requires some flexibility in present conditions. Yesterday morning they managed to work out the allotment of an over-subscribed issue in a quarter of an hour, something the Bank of England takes all day to do.

By yesterday evening, long-dated issues had gained up to 3½ points, and the stags of the tap could have made 13 per cent gains, without having to put up a penny, provided they took their profits last night. Yields have now fallen back to the levels of Wednesday, and the underlying trend looks very strong, even though the only fundamental factor that has changed is that some funding has been done.

Index rose 0.7 to 407.0

If the market moves ahead early next week the short/medium stock announced yesterday afternoon, Treasury 15 per cent 1985, will sell out on application. The authorities will then have sold £1.7bn of gilts and, unless credit demand remains unusually strong, the funding programme for the end of the 1979/80 financial year should no longer present much problem.

In these circumstances the market could try to race ahead, helped by the seasonal build-up of liquidity from gilt-edged dividends. If that happened the Bank of England might have to turn on its head to stop rates from falling too fast — already yesterday the Treasury Bill tender was discounting a quarter-point fall in MLR.

Beyond the immediate euphoria, though, some pretty unpleasant news may lie ahead. The wage round will bring further tests of the Government's monetary determination, the next few months' bank lending figures may be poor, and the Iranian question is still looming. The peak of inflation is still some months off: in October the year-on-year rate crept up to 17.2 per cent, a whisker above MLR.

Imperial Group

Imperial Group estimates that its profits in the year just ended were roughly unchanged at £131m pre-tax. This is the disappointing news in the circular detailing its planned acquisition of Howard Johnson in the U.S. for $630m. In July, Imps forecast a profits "uplift" in 1978-79, and the stock market had been hoping for over £140m.

These hopes have been frustrated by a slump in egg prices, which have led to losses of perhaps £12m. Imps bought the Eastwood egg and poultry business a year ago for nearly £40m—and it is clear that if it had not been taken over, Eastwood now would be in the direst financial straits.

However, it would be unkind to draw too many conclusions about Imps' talent as a bidder from this short-term setback. Eastwood is a volatile commodity business, and Imps' longer-term acquisition record is not bad—even though it has generally paid a very full price.

This is certainly the case with Howard Johnson, where Imps is offering more than double the recent stock market price. Its argument is that Wall Street prices these days are of little more than token value when it comes to assessing the value of owning a business outright. And it has produced a stream of figures to show that the bid will only modestly dilute pre-tax profits per share.

These figures could be made to look less flattering. Add back the egg losses, allow for today's interest rates, and do the sums after tax—and the dilution is rather more noticeable. But the bid cannot be assessed in terms of its immediate impact on earnings—or on the balance sheet. There, gross debt shoots up to about 70 per cent of tangible net worth, after allowing for a rough revaluation of Howard Johnson's assets.

What really counts is whether Imps can justify its undoubted enthusiasm about the medium- and long-term prospects for the U.S. company. Imps can live comfortably with relatively high gearing, and its shares are not exactly asking for miracles—the yield for 1978-79 could be as high as 13 per cent. It is most unlikely that Imps' own shareholders will reject the terms, and the legal negotiations over state liquor laws in the U.S. seem to be going well.

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